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INTRODUCTION

1. A major message of UNCTAD VIII, embodied in the Cartagena Commitment, is that "peace and prosperity are indivisible and that lasting peace and stability require effective international cooperation for the eradication of poverty".[1] This concern is not new but it is growing. It is not new in the sense that poverty has always existed. Its sources and causes have been amply addressed in the past. Economic and social policies have been analysed in depth in relation to their impact on poverty. Many approaches have been advocated to enhance the effectiveness of policies aimed at poverty alleviation. Concern is growing, however, because poverty continues to grow. There are more poor in the world today and there are new types of poverty.[2]

2. According to the most commonly cited estimates, over 1.1 billion people, that is one-fifth of world's population, live in poverty.[3] The overwhelming majority[4] of them live in rural areas, with Asia accounting for two-thirds, followed by Africa (over one-fifth) and Latin America (8 per cent). The incidence of extreme poverty can be found not only in rural but also in urban areas. Poverty also exists outside developing countries, including in the most developed. Overall evidence suggests that under prevailing policies the scale of poverty will continue to worsen.

3. Country situations and experiences are of course quite diverse. During the past decade, while improvements in poverty situations have been registered in a number of large countries in Asia, the greatest set- backs have been suffered by countries of sub-Saharan Africa and Latin America. In rural areas, the highest increases in the number of poor households were in the category of those headed by women. In addition to developing countries, the particular situation and growing impoverishment of countries in transition also call for new solutions.

4. Growing concern about poverty arises, however, not only from the increase in the scale and intensity of the problem, but also from recent shifts in common policy perceptions, including increased emphasis on development as a people-centred and equitable process, the ultimate goal of which is to better the human condition and to enhance the participation of the people in development decisions. It is now widely recognized that much remains to be done in the area of fashioning relevant policies and translating them into appropriate programmes and projects. Their implementation will also require greater public awareness of the need to address poverty as the highest priority on the development agenda, awareness that poverty reduction is in the common interest of both the poor and the non-poor, nationally and internationally, as well as of donor countries and poor recipient countries. It is in the common interest that the poor cease to be viewed as a burden on society, and be seen to be deserving and empowered with the necessary motivation and means to participate in the development process. It is in the interest of all nations that those poverty-induced international, regional and internal migrations which contribute to internal conflicts, and even to the disturbance of national and global peace and stability, be minimized.

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1 *A New Partnership for Development: The Cartagena Commitment* (TD/364), para.17.

2 See section I.B.

3 See World Bank, *World Development Report, 1990: Poverty* (New York, Oxford University Press, 1990), table 2.1, p.29; and United Nations, *Policies and activities relating to assistance in the eradication of poverty and support to vulnerable groups, including assistance during the implementation of structural adjustment progrmmes* (E/1992/47), p.5.

According to UNDP, *Human Development Report 1992*, "some 1.4 billion of the world's 5.3 billion people live in poverty. Other estimates suggest that including those living 'along the subsistence margin' with only minimal necessities increases the number of poor to nearly two billion". The report also states that, based on comparisons between poor and rich countries, by 1990 the richest 20 percent of the world's population had incomes at least 60 times more than the poorest 20 per cent, and that "adding the maldistribution within countries, the richest 20 % of the world's people get at least 150 times more than the poorest 20 % (*op.cit.* pp.1 and 17).

4 See the International Fund for Agricultural Development, *The State of World Rural Poverty*, p.XVIII.

5. Poverty prevention, alleviation and reduction can greatly enhance economic and political security. It is not enough that poverty be at the centre of national development efforts only. It is also imperative that a special commitment be made by the international community to provide strong sustained support to efforts at the national level and to promote policies (e.g. in the fields of development resources, trade and technical cooperation) which are not only not detrimental to poor people and poor countries, but moreover of real help.

6. At its eighth session in Cartagena, the United Nations Conference on Trade and Development decided to give the fight against poverty a prominent place in UNCTAD's mandate. Thus it established a new Standing Committee on Poverty Alleviation, the primary objective of which is "to contribute to national and international efforts to prevent, alleviate and reduce poverty, particularly where it is more acute, and to the formulation of related national and international policies, bearing in mind the diversity of country situations, including the particular problems of the least developed countries and the most vulnerable population groups".

7. This Committee is the first such intergovernmental body at the global level with an exclusive focus on the subject. It should provide an important forum in which all countries and international organizations concerned can exchange experiences, new information and ideas, and where the appropriate policies can be promoted. The very fact that an intergovernmental forum will be dealing with this issue can impart a new momentum and direction to the task. This can come about through contributing to a greater awareness and understanding of the problems and remedies required, by reassessing and optimizing the respective inputs of Governments and participating international organizations, and through serving to mobilize resources and to stimulate additional activities. It is essential, therefore, that all countries, whether rich or poor, along with the international and non- governmental organizations concerned with poverty policy, actively participate in the work of the Committee. The conduct of its work must reflect the new shared perception of cooperation and interdependence of nations, as evidenced, for example, by the Cartagena Commitment and by the recent Summit of the Non-Aligned Movement at Jakarta; these have helped to usher in an era in which the development task and the fight against poverty are increasingly perceived as a common responsibility of all members of the international community, with mutually supplementary contributions, thus freeing the process of the erstwhile antagonisms between developing and developed countries, and the rigid debates which such antagonistic attitudes have implicitly fostered. The Committee will hold its first session from 18 to 22 January 1993.[5]

8. The Trade and Development Board, at the second part of its thirty-eighth session, established the terms of reference which should guide the work of the Standing Committee on Poverty Alleviation. These are examined below. In addition, a number of questions are raised which the Committee may wish to address.

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[5] The words of the vice-president of the UNESCO-based International Science Council constitute a salutary *envoi* to the work of the Standing Committee. She speaks of " ... the well-known heavy involvement of "outside" actors, such as politicians, administrators, representatives of international organizations, voluntary organizations and the media. All are pressing for fast answers, a limited number of variables that can be manipulated politically, and easy access to a simplified analysis ... It is understandable. The outside actors are only doing their job. But the pressure is counteractive to the long-term intellectual investment which seems to be needed in poverty research. At the same time, researchers are raising the expectations of the outside actors, simply by engaging in poverty research. It looks as if the magnitude of the expectations of the research results is proportional to the magnitude of poverty - and whatever those expectations are, they are never going to be fulfilled. Fighting off the many unrealistic expectations while at the same time keeping a good working relationship with those powerful actors who will monitor implementation of the research result is yet another of the many ethical and strategic dilemmas of doing poverty research at the present time." (Else Oyen, "Some basic issues in comparative poverty research", *International Social Science Journal*, December 1991.)

I. REVIEW OF EXISTING INFORMATION AND ANALYSES ON POVERTY

(Terms of reference 2 (a))

9. Policies and measures designed to prevent, alleviate and reduce poverty require comprehensive knowledge and a clear understanding of the characteristics, causes, location, dimensions and dynamics of poverty. Such knowledge has to be supported, as much as possible, by a reliable database and representative indicators. These questions have been amply addressed in a number of recent reports emanating from the United Nations system, in particular: the Report of the Secretary-General on International Cooperation for the Eradication of Poverty submitted to the General Assembly at its forty-fifth session; the ***Human Development Reports*** published by UNDP in 1990, 1991, and 1992; the *1990 World Development Report* and the *Poverty Handbook* of the World Bank; the World Bank Policy Paper on Assistance Strategies to Reduce Poverty, and the Report by IFAD on *The State of World Rural Poverty*. regional economic commissions and UNRISD have also done considerable work on the subject.

A. Definition and types of poverty

10. Poverty, as a socio-economic condition, is a complex phenomenon with many dimensions. Moreover, the perception of it varies by country, culture, individual and temporal differences. In survival terms, poverty is viewed as the inability to secure a minimum caloric intake or to meet other basic needs. In normative/dynamic terms, poverty is commonly defined as the inability/lack of capacity to attain minimal standards of living. There are, however, many other "poverties". Some examples are poverty of participation (due to marginalization and discrimination, for example, that affecting women, minorities); identity (due to the imposition of alien values upon local and regional cultures, forced migration, political asylum, etc.); affection (authoritarianism, oppression); protection (bad health systems, violence, the arms race).

11. Further differentiations are commonly made when analysing poverty. One relates to absolute poverty versus relative poverty. Thus, a distinction is often made between the poor and the extremely poor. The main difference between these two groups is that, for the extremely poor, nutritional needs outweigh all other considerations, while the poor may have a low or deprived consumption level relative to general societal norms, but nonetheless have sufficient income to purchase a consumption basket deemed adequate to sustain a minimum level of living.[6] A category of "ultra-poor" exists of people who are continually under-nourished.[7] Another common differentiation is made between chronic and temporary poverty. Yet another distinction relates to rural versus urban poverty. Most studies focus on one, while recognizing the linkages. IFAD, in its report on the state of rural poverty further distinguished, according to different poverty processes, the following types of poverty: traumatic/sporadic; interstitial; peripheral; overcrowding; and endemic.[8]

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6 C.f., United Nations, *International Cooperation for the Eradication of Poverty in Developing Countries*, (A/46/454), para.24.

7 Michael Lipton, "Forces for change in dry land areas: poverty reduction, sustainability and approaching cycle", in *Poverty Alleviation in Dryland Areas, Workshop,: Report on Issues and Recommendations emerging from Workshop Discussions*, Rome, IFAD, March 1992. P. Dasgupta examines this issue in detail in *An enquiry into well-being and destitution*, Oxford Univerty Press (forthcoming, 1992).

8 See IFAD, *The State of World Rural Poverty*, pp.64 and 65.

12. A distinction can usefully be made between the able-bodied poor, i.e., those who could meet their own needs and make a contribution to society if the means were available to them, and, those who cannot - like the very old, the severely handicapped or the terminally ill. This paper basically focuses on the able-bodied poor, those who could meet their own needs and make a contribution to society if the other inputs needed were available to them. Admittedly, identifying the able-bodied among the poor can be tricky, particularly since malnutrition of the ultra-poor results in disabilities. In such cases, however, if the poverty were overcome the disability would eventually be relieved by the same token.

13. It is useful to distinguish individual from collective poverty. Many of the world's poor are integrated into one continuous web of society which includes the rich. The income-earning opportunities and capital which the poor need to rise out of poverty can be found within the society. In these circumstances, policies which make the means of an improved livelihood available to individuals have a good chance of success. Collective poverty can be distinguished from the above case, at least conceptually. It exists when two conditions are met: first, social rigidities distinguish entire groups from the mainstream of society and, secondly, a group of this kind taken as a whole cannot on its own muster the resources to lift itself out of poverty. Thus, for example, "inhabitants of dryland areas are poor precisely because, with a few notable exceptions, it is difficult to "get rich" in marginal areas and this is the fundamental problem facing poverty alleviation projects in the drylands".[9] On a larger geographical scale, the United Nations established the category of Least Developed Countries in the late 1960s. This decision reflected an assumption that a category of countries exists where poverty is so widespread that international solidarity is indispensable if the means of development were to become available to them.

14. Poverty should be distinguished from mere inequality. However, views differ and analysis is ambiguous about the relation between the two. According to figure 1A, the Gini coefficient tends to be between 0.35 and 0.60 whatever the percentage of total population below the poverty threshold. Figure 1B shows that whatever the real GDP per capita may be, the income accruing to the most prosperous quintile of the population is about five to 10 times greater than that accruing to the poorest quintile. In countries with a lower GDP per capita, the spread is greater - the ratio of the income of the highest to the lowest quintile varies more widely whether above or below the mode.

15. Some degree of inequality seems inevitable in respect of the qualities of innovation and leadership which make for a resilient, dynamic economy. John Rawls stresses in his Theory of Justice that inequality is justified insofar as it makes the poor better off.[10] The equity of income distribution is relevant to poverty policy only insofar as changing the distribution may prevent, alleviate or reduce poverty.

16. In this respect, post-communist societies represent a special case. The costs of the transition are disproportionately borne by the weaker groups. Meanwhile, as a reaction to enforced "equalities" of the previous decades, the increase of inequalities in all walks of life has become an accepted by-product of new policies. The perception of new inequities by the groups which feel impoverished has potentially dangerous political consequences.

17. The Committee may wish to recognize explicitly that in its work it will be confronted with a variety of manifestations of poverty and that its role will be to find how it can best respond to the needs of the various types of poor, bearing in mind that it has to deal not only with the alleviation and eradication of poverty "particularly where it is most acute" but also with its prevention.

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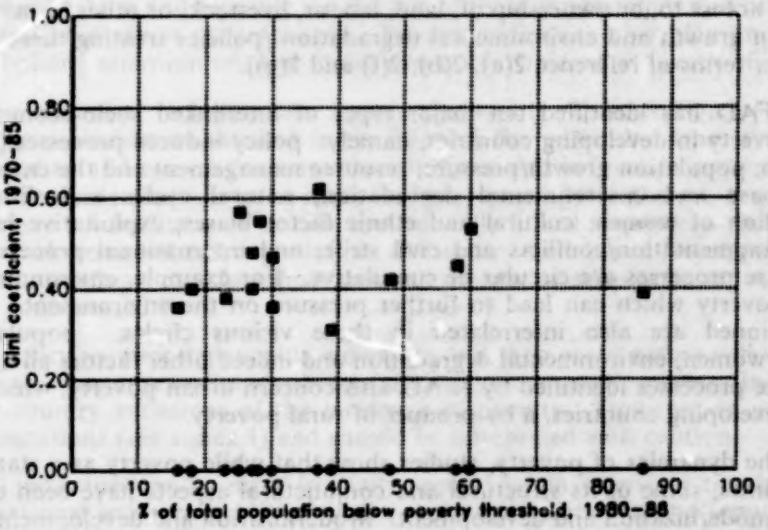
9 IFAD, *Poverty Alleviation in Dryland Areas, op.cit.*, p.3.

10 John Rawls, *A Theory of Justice* (London, Oxford University Press, 1972).

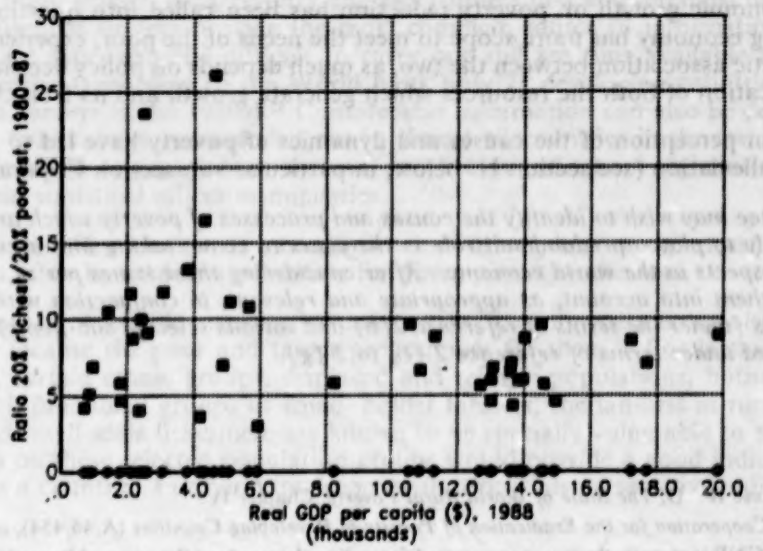
Figure 1

Views of poverty and income distribution

1A. Inequality and incidence of poverty



1B. Average income and the share of the poor



Source: UNDP, *Human Development Report 1991*, tables 17, 26 and 27.

Note: Figure 1A covers only developing countries; the source gives no corresponding figures for developed countries.

B. Causes and dynamics of poverty

18. A large number of studies in the past have attempted to identify factors contributing to poverty and its perpetuation. The contributing factors (socio-cultural, political, economic) are numerous: lack of access to, or ownership of, land, labour, livestock, or other forms of capital and security, population growth and environmental degradation (policies treating these elements may be considered under terms of reference 2(a), 2(b), 2(f) and 2(g)).

19. Recently, IFAD has identified ten major types of interlinked socio-economic processes leading to rural poverty in developing countries, namely: policy-induced processes (domestic policy biases); dualism; population growth/pressure; resource management and the environment/poor natural-resource base and environmental degradation; natural cycles and disasters; gender biases/marginalization of women; cultural and ethnic factor biases; exploitative intermediation; internal political fragmentation/conflicts and civil strife; and international processes.[11] Furthermore, many of these processes are circular or cumulative. For example, environmental degradation can lead to poverty which can lead to further pressure on the environment. The different factors just mentioned are also interrelated in these vicious circles: population growth, marginalization of women, environmental degradation and indeed other factors all aggravate each other. Many of the processes identified by IFAD also concern urban poverty, which itself is originally, in many developing countries, a by-product of rural poverty.

20. As regards the dynamics of poverty, studies show that while poverty as a state of mankind has existed at all times, some of its structural and conjunctural aspects have been changing over time as a result of modernization and development. Modernization and development have created opportunities for many of the poor to improve their circumstances but they have also introduced new forms of insecurity for many of them. The latter are associated, *inter alia*, with technological changes (further marginalizing the poor) and economic fluctuations emanating from world markets. A recent report concludes that "whereas chronic poverty declined with modernization and changes, conjunctural poverty grew and poverty in general became more heterogeneous".[12]

21. Apart from the new forms of insecurity mentioned above, the whole question of the trickle-down effect of economic growth on poverty reduction has been called into question. While, in principle, a growing economy has more scope to meet the needs of the poor, experience shows that there is no automatic association between the two, as much depends on policy decisions taken with respect to the allocation of both the resources which generate growth and its fruits.[13]

22. Differences in perception of the causes and dynamics of poverty have led to various policy approaches to its alleviation (see section II. below, in particular sub-section C, paragraphs 62 ff.).

23. The Committee may wish to identify the causes and processes of poverty which are currently the most salient or likely to play a predominant role in the years to come, taking into account recent developments and prospects in the world economy. After considering these issues per se, the Committee may wish to take them into account, as appropriate and relevant, in conjunction with exchanges of national experiences (under the terms of reference 2(b) and various selected sub-items) and under the policy topics included under terms of reference 2 (c) to 2 (g).

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11 For further details, see IFAD, *The State of World Rural Poverty*, Chapter IV.

12 See *International Cooperation for the Eradication of Poverty in Developing Countries* (A/46/454), *op.cit.*

13 It is obvious that if GNP increases, there is more scope for meeting the needs of the poor. Alternatively, there is more scope for meeting the needs of the environment or a number of other objectives. Since the growth is finite, choices must, however, be made between these objectives, and the decision does not in every case favour the poor. As the World Commission on Environment and Development said, meeting the essential needs of the world's poor depends in part on achieving full growth potential, and sustainable development clearly requires economic growth in places where such needs are not being met. Elsewhere, it can be consistent with economic growth, provided the content of growth reflects the broad principles of sustainability and non-exploitation of others. But growth in itself is not enough. High levels of productive activity and widespread poverty can co-exist. See World Commission on Environmental Development, *Our Common Future* (Oxford University Press).

C. Measuring poverty and identifying the poor

24. Poverty indicators are required in order to analyse and assess the incidence of poverty as well as progress in its reduction. They help policy-makers to identify the poor, localize them, target programmes for them and monitor the impact of these programmes and other efforts (for instance, structural adjustment programmes). Poverty indicators also play an important role in focussing and holding attention on, and mobilizing public opinion in favour of, the poor.

25. No single statistical indicator can capture the variety of dimensions of poverty. Poverty policy must rely on indicators selected in the light of the particular aspects which the poverty policy is intended to address. A large number of direct and indirect indicators of property have been devised. Some selection has to be made in this respect. Nevertheless, gaps exist on conceptual grounds: there are for instance certain areas directly linked to poverty, such as access to and conditions of work environment degradation; democracy and broad-based participation;[14] civil, ethnic and labour conflicts, etc., for which research on new or supplementary methods for assessing conditions is warranted.[15]

26. Poverty policy requires dependable indicators, but their exact nature will vary in accordance with particular circumstances. Standard internationally comparable poverty indicators are useful to assess inter-country variations of the incidence of poverty. However, in general, they suffer from certain limitations (see annex I) and should be interpreted with caution.

27. National indicators can be more fruitfully applied to trace poverty trends over time. Indicators at the national level are published in the statistical yearbooks and reports of a number of international organizations. They are useful when they are truly representative of the characteristics of the poor (e.g., indicators of goods and services mainly consumed by the poor) and are not biased by those of higher income groups, or when they are known to be highly correlated with changes in the incidence of poverty.

28. As the poor are only part of the total population of a country and are heterogeneous (standards of living, for instance, vary within countries according to regions, rural versus urban areas, ethnic groups, gender, etc.), poverty analysis requires first and foremost disaggregated data. Large-scale household surveys provide the most complete source of information in this respect; however, they are expensive and difficult to carry out and are thus available only for a limited number of countries (according to the World Bank only 21 developing countries conducted reasonably reliable surveys in the 1980s).[16] Considerable information can also be derived from population censuses (which have been carried out in almost all countries in the last 10 years), annual income and household surveys, labour surveys, and health and school registrations, which can be found in national statistical offices or ministries.

29. As poverty is often a cause or a consequence of other phenomena, measures of these other phenomena can often be used as a substitute for direct poverty indicators.

30. In the absence of reliable quantitative data, qualitative information can also be used, at least to identify and localise the poor and target programmes for them. For instance, population in certain regions, certain ethnic groups, displaced and refugee populations, households headed by women and such functional groups as small- holder farmers, the landless in rural areas, nomadic pastoralists, and small-scale fishermen, are known to be specially vulnerable to poverty.[17] Collecting information on these selected population groups would provide a good indication of the poverty situation in a country. Furthermore, impoverishment is also a sensitive indicator.

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[14] The UNDP intends to present in its 1993 issue of the *Human Development Report*, key indicators of economic decentralization (financial autonomy ratio, revenue decentralization ratio and expenditure decentralization ratio).

[15] See UNRISD, *Qualitative Indicators and Development Data: Current Concerns and Priorities*, (Geneva, November 1991).

[16] See World Bank, *World Development Report, 1990*.

[17] See *The State of World Rural Poverty*, *op.cit.*, pp.45-46.

31. For the Committee's work, the necessary disaggregated statistical information permitting exchanges of experiences at the national level can only be furnished by the Governments or institutions in the countries themselves or by international organizations operating in the field. The poverty assessments published by the World Bank (now available for almost 20 countries and planned to be conducted for some 70 more countries in all regions) are examples of extremely valuable tools in this connection. Nevertheless, gaps in respect of basic statistical information (even at an aggregate national level) exist for a good number of countries, especially the poorest ones. For countries for which information does not exist, and as an alternative to expensive large-scale household surveys, the use of simpler methods merits further exploration in collaboration with relevant offices/missions in these countries.

32. Poverty indicators and other tools for poverty analysis and policy are further discussed in annex I.

33. *In view of the above, the Committee could decide to set up a workshop/seminar so as:*

(a) *to identify, according to end-uses (selected policy purposes) and, depending on types of countries, areas, gender, population groups of poverty, priority quantitative and qualitative poverty-related indicators and tools of analysis (possibly based on simple, easy-to-collect and low-cost information) for use by the Committee in its work;*

(b) *to identify priority poverty-related areas requiring urgent further research, including proper sources of data and effective low-cost methods of collection.*

II. EXCHANGE AND REVIEW OF NATIONAL EXPERIENCES IN DEALING WITH POVERTY IMPEDIMENTS AND POLICY OPTIONS FOR THE PREVENTION AND ALLEVIATION OF POVERTY

(Terms of reference 2 (b)) and

FINANCING AND ORGANIZATION OF SOCIAL DEVELOPMENT PROGRAMMES

(Terms of reference 2 (d))

34. The exchange and review of national experiences in dealing with poverty represent a major work orientation for the Committee. In recent years, poverty reduction figures explicitly as a prominent objective of the national development strategy in many countries. Moreover, all the main international actors in development cooperation have developed policy advice and operational assistance within their respective fields of competence in order to contribute to the achievement of this objective.

35. Sectoral policies and overall strategies for alleviating poverty have evolved over time, in the light of both the results achieved and changes in the perception of the development process. One strategy which has had its adherents in its day but is now widely decried was to impoverish the poor now in order to generate the wherewithal to enrich them later.[18] The "trickle-down" strategy was promoted through the 1960s and 1970s but, as further discussed in section C. below, the record does not provide firm ground for considering it as an effective strategy for reducing poverty. Today, the priority to be given to the essential needs of the poor is a prominent component of any strategy for sustainable development.[19]

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[18] See, for example, S. M. Dev, M. H. Suryanarayana and K. S. Parikh, "Rural poverty in India: incidence, issues and policies", *Asian Development Review*, Vol.10, No.1, 1992, p.55.

[19] See *Our Common Future*, *op.cit.*, p.43.

36. Three basic conclusions can be drawn from this evolution of development approaches and practices: growth alone has failed to secure a progressive absorption of the poor and the unemployed into the productive sector of the economy; policies targeted at the poor and vulnerable groups of society have not succeeded in improving markedly the human resource base in areas characterized by mass poverty; finally, "safety nets" have been too onerous, too limited in scope, and fraught with too many distortions in their implementation to provide the poorest groups with an effective minimal standard of living. Evidently, such a global assessment does not offer a full picture of the impact of all the efforts deployed by many countries to prevent and reduce poverty. These efforts have not systematically failed. In certain cases, positive results have been achieved through the implementation of well thought out sectoral policies at the national level and appropriate action at the local level. Some developing countries have even succeeded in applying a mix of policies which has permitted the eradication of mass poverty.

37. As the causes of poverty are complex and interrelated, it may not be practical to try to single out all the particular factors; furthermore, misleading conclusions could be reached by ignoring related mechanisms. The range and complexity of interrelations are such that any attempt to take them all into account is likely to end in confusion. A key problem for policy formation is to decide on the optimum degree to which factors can be clustered in order, on the one hand, not to omit important elements and, on the other, not to be faced with an unmanageable set. Related to the same problem is the selection of factors to include in the cluster. An exchange of country experiences on these questions may well prove illuminating.

38. Against this background and based on their analysis of country experiences, the World Bank and IFAD advocate two integrated approaches for poverty eradication. The World Bank in its World Development Report 1990 has articulated a two-pronged strategy for sustainable poverty reduction. First, broadly based economic growth generates efficient income-earning opportunities for the poor. Second, improved access to education, health care, and other social services helps the poor take advantage of these opportunities. Both elements are designed to develop and use effectively the poor's most abundant asset - their labour. The strategy also includes a social safety net for the vulnerable. In the State of World Rural Poverty, IFAD advocates a new development paradigm wherein poverty alleviation is viewed not just as a mechanism to get the poor across a given threshold of income or consumption, but as a sustained increase in productivity and an integration of the poor into the process of growth. For this to happen, the poor must have access to resources, and the policy and institutional framework should be such as to enable them to use resources effectively.

39. In compliance with its terms of reference, the Committee will review the various national experiences, analysing both the obstacles met and the successes achieved in the design and implementation of poverty alleviation polices. It could then draw lessons from such analyses, leading to the identification of policy options which it may discuss. Two main guidelines could be followed: to focus on key policy issues, on the one hand, and to consider these key issues in terms of an integrated approach to poverty alleviation, on the other. A first possible approach would be to focus the review on a number of countries representing a diversity of typical situations in terms of poverty: (i) low-income countries; (ii) middle-income countries confronted with acute problems of poverty; (iii) middle-income countries having overcome mass poverty problems; (iv) countries with economies in transition; (v) industrialized countries with different situations in terms of poverty. This approach would permit an exchange of experiences not only on each of the key policy areas under review but also on the way they are interrelated. Another possible approach would be more issue-oriented: countries would be chosen according to their experience in a specific policy area. While it would be harder to have an integrated view of the policies required for poverty alleviation at the national level, it would facilitate a comparison of more meaningful experiences for each of them.

40. For the purpose of exchanging experiences and drawing lessons therefrom, the policy areas specified in paragraph 2 (b) of the terms of reference could be clustered around four main headings:

A. Policies in the productive sectors:

Employment creation and increasing the productivity of the poor; access of the poor to productive assets.

B. Policies in the social sectors:

Human resource and community development; social infrastructure and social safety nets; questions relating to the financing and organization of social development programmes in developing countries, particularly in the areas of health, education, housing and sanitation.

C. Macroeconomic framework:

Distribution of income and social benefits of development in rural and urban areas; impact of structural adjustment programmes on poverty alleviation.

D. Institutional framework:

Increased participation of the poor and vulnerable groups in development.

41. Each of these policy areas is of crucial importance for preventing and reducing poverty and they are interrelated. Their design and combination have to be tailored to the specific country situation. The review of national experiences should subsequently help both (a) to set forth the basic components common to any poverty alleviation strategy and (b) to identify particular priorities and policies corresponding to the characteristics of poverty prevailing in the various categories of countries. Issues which could be raised in relation to each of the main policy areas mentioned above are introduced in the following paragraphs.

A. Policies in the productive sector

42. A primary objective for alleviating poverty whether in rural or urban areas, and concurrently for enlarging the base of the growth process, is to create the conditions permitting a better integration of the poor into the productive sectors of the economy.

43. The policies to put in place in order to reach this objective may be described in one sentence: the poor should be allowed the means to meet their needs. While it may be provocative, this approach invites a focus on actions for reversing the economic, institutional or social obstacles which prevent the poor from developing productive economic activities. In positive terms, it calls for less fragmented labour-market structures and a more equal access to productive assets and infrastructure. Technical training, pricing policies and regulatory policies would be necessary to permit the poor to draw the full benefit from these improvements.

44. Problems of rural and urban poor sometimes differ; sometimes they are similar. In the review of country experiences, distinctions between the two categories should be made when appropriate. In all low-income countries, as well as in a number of middle-income countries, the majority of the poor live in rural areas. Thus, active policies aimed at generating employment and stimulating productive activities among the rural poor, both in agriculture and other sectors, are of crucial importance for substantially reducing poverty and aiding the growth process. Non-agricultural activities are indeed crucial for the poor and the development process in general, as they contribute to absorbing the work force (the landless in particular), bringing much needed supplementary income to poor rural households while creating and building positive links with agricultural activities. Moreover, policies in the rural sector have positive indirect effects on the alleviation of urban poverty if they succeed in decreasing rural migration which the cities cannot absorb. While mass poverty is usually located in rural areas, urban poverty represents a large proportion of the poor in a number of middle-income countries and the majority in industrialized countries. Moreover, extreme poverty is mainly a characteristic of large cities (slums, squatter settlements, "ghettos") and, as such, is predicted to increase significantly in the years to come. Policies to prevent and reduce urban poverty should therefore be carefully examined in both developing and industrialized countries. In the former, the majority of the poor work in a wide range of activities within the informal sector; in the latter, they are unemployed or work occasionally in small-scale industries or services activities.

1. Labour market structure and employment policies

45. In most developing countries and in some of the economies in transition, the labour market is fragmented, heterogeneous and unequal. For each country, the various situations of poverty can be related to labour market categories: self-employment and family labour, protected or unprotected wage work, employment in marginal activities. Labour legislation and regulation, measures taken (if any) for counteracting the exploitation of vulnerable groups or for avoiding restrictions on job access and wage policies have often had little impact on the poor or been detrimental to them.

46. Beyond regulations and policies, some strategic considerations may help to set priorities. It is often taken for granted that, on the labour market, demand must grow in order to increase wages or the number of job opportunities.[20] However, diminishing the supply of low-qualified labour would have the same result; providing some of the poor with skills to be able to find the exit from poverty for themselves, could - if on a sufficient scale - reduce the total number of poor on the labour market. This is one way of interpreting J. K. Galbraith's argument for eradicating poverty.[21] Certain forms of migration can serve the same purpose. Outside the monetary sector, increasing the productivity of work corresponds to increasing wages. If women can spend less time fetching wood and water, or preparing food, they will have more time to devote to such activities as growing food or, if their family structure allows it, simply to rest: this is likely to increase their alertness, reduce their vulnerability to illness and thereby also increase their productivity.

47. The labour-market and employment policies could then be examined along the following main lines:

(a) What has been the impact of national labour legislation and regulation on employment in farming activities, artisanal and small-scale production, and all types of non-organized work, where a large fraction of the active population is poor or extremely poor ?

(b) What has been the efficiency of measures taken, if any, for counteracting exploitation of vulnerable groups of workers (women, the landless, ethnic indigenous communities, refugees) and for avoiding any form of restrictions on job access which would discriminate against the poor?

(c) What has been the impact of wage policies (minimum wages, indexation): effective implementation according to sectors and location of activities, dissuasive effects on employment, degree of effective protection of real incomes of poor workers in comparison with other categories of workers?

(d) Is employment considered to be a consequence of growth or are there specific employment policies? Are there specific provisions for the poor?

2. Access to productive assets

48. An essential way to allow the poor the means to meet their own needs is to ensure that productive assets are available to them. It is widely recognized that the poor need to have private capital at their disposal. Another argument held that concentrating capital, even at the expense of removing it from the hands of the poor, would provide them with greater income-earning opportunities. Experience has shown that opportunities of this kind are fewer than once was believed, and in any event, projects using capital in large quantities need not conflict with ensuring that the poor have access to private assets. Some assets such as traditional know-how or forms of solidarity in the event of disaster cannot be transferred to large projects: if the conditions for their use are not safeguarded, they simply go to waste.

49. There is renewed consciousness of the value of collective capital. Infrastructure such as electricity, transport, water supply and sewerage are sources of collective income. Land, forest, water, reefs and coastal fisheries are all examples of assets which can provide a significant share

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[20] See, for instance, World Bank, *Poverty Handbook, 1992*, chapter 2, para.10.

[21] See John Kenneth Galbraith, *The nature of mass poverty* (Harvard University Press, 1979).

of income to the poor, when properly managed by local collectivities. Within collective capital, institutional and cultural capital (the rules and regulations governing decision-making systems) needs to be underlined. The poor possess a significant amount of such capital. In spite of this, many government programmes ignore its existence, or substitute other kinds of capital for it. "Failure to recognize the existence and value of the institutional capital in the hands of the poor is the main cause of the failure of many development programmes."[22]

50. Rules, institutions and social behaviour often prevent the poor from gaining access to the assets they need. Policies designed to overcome these obstacles are often insufficient or not implemented because of the resistance to them. This is the case of both land and tenure reform which may contribute to give employment and security to the poor. Likewise, it applies to access to credit, which constitutes an essential complement to land reforms, as it allows beneficiaries to undertake investment in key activities such as irrigation and water conservation, new farming methods and purchase of machinery; of access to technology for increasing the productivity of labour and capital; of access to infrastructure. To draw lessons from experience, the following questions could be addressed in the national case studies:

(1) Access to land

(a) To what extent have land reforms been implemented and what were the benefits for small and marginal farmers and the landless?

(b) To what extent have changes in land tenure effectively brought security to small tenants and improved their social and economic status vis-à-vis landowners?

(c) What are the conditions and procedures required for a more effective implementation of these reforms (e.g., enforcement of legislation) and what new measures could improve their efficacy in terms of labour absorption, increased productivity and income for the benefit of the rural poor?

(2) Access to capital

(a) What have been the main impediments to an enlarged access of the poor to credit schemes in the countries under review?

(b) What measures have been, or should be, taken in order to remove these impediments in the various banking institutions operating in rural areas (improvement of credit/loan conditions and guarantee schemes according to the activities to be financed, specific targeting of vulnerable groups)?

(c) What experience has been gained in establishing complementarity between the various financing practices (group versus individual approaches) and, accordingly, between the various types of credit activities (conventional banks, community development funds, NGO initiatives, etc.)?

(d) What credit schemes should be promoted so that potential entrepreneurs among the urban poor can get the capital required for initial investment? How are biases of financing institutions against such types of lending to be eliminated? How should NGO and community activities which provide credit to groups involved in urban productive projects be facilitated?

(3) Access to technology

(a) What are the main problems met by smallholders, which prevent them from improving their farming systems: ecologically fragile soil, vulnerability to natural disasters, crop-yield instability, difficult climatic conditions, limitation of production to basic subsistence requirements, and subsequent difficulties in assimilating technological changes ?

(b) Does agricultural research address these problems, in particular by being oriented towards low-cost intensification and diversification methods, and land improvement in fragile areas?

(c) To what extent do the public research institutions in the countries concerned succeed in setting up productive collaboration between farming systems specialists and the smallholders, initiating an effective process of change among the latter based on their own needs, experience and expectations?

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22 See, Economic Commission for Latin America and the Caribbean, *Sustainable Development: Changing Production Patterns, Social Equity and the Environment* (LC/G.1648 (Rev.2.P) Santiago, Chile 1991, p.85). United Nations publications, Sales No.E.91.II.G.5.

(d) What institutional framework and incentive measures need to be implemented for developing and disseminating those technologies which fit into the informal sector (low-cost, labour-intensive, adapted to the scale and type of production)?

(4) Access to infrastructure

(a) What lessons can be drawn from the irrigation schemes already undertaken in the countries concerned: size, maintenance capacity, effective increase in productivity, principal beneficiairies? What are the main technical, institutional and social conditions required for ensuring that the use of irrigation schemes does not become a monopoly of large landowners but benefit the smallholders?

(b) According to the countries under review, what are the most appropriate approaches for building road networks and communication systems in rural areas which would fit into the pattern of settlement of the rural poor? How are the high costs of construction and maintenance, on the one hand, and the detrimental effect of the environment (deforestation, flooding, erosion, etc.), on the other, to be avoided?

(c) What measures need to be taken to set up the infrastructure and public services necessary to encourage the creation of small enterprises in poor urban areas (improved land for industrial and commercial purposes, water and power delivery networks, telecommunications and transport facilities, etc.)?

3. Policies supporting productive activities

51. Access to production assets may be insufficient if not supported by policies designed to remove discriminatory regulations and practices and to increase the productivity and income of the poor.

(1) Technical training

The rural poor directly involved in agricultural production need training in the application of new varieties of crops and improved technology and farm practices; storage, processing and food preservation; farm management and the use of credit:

(a) What have been the policies and measures taken for providing such skills and to what extent have they been successful in overcoming obstacles in this field: physical dispersion of small farmers and the landless, deficient curricula, poorly located training centres, lack of effective communication between farmers and extension staff, lack of transportation, etc.?

(b) What various and combined training systems could be implemented and made mutually supportive in order to improve the situation (e.g. network of local and regional centres, village associations, project-related training, etc)?

(c) How can training systems, both national and local, be effectively directed to owners and workers in small-scale activities, including self-employed and family entrepreneurs (training in management practices, upgrading of technical skills through "on-the-job" formation, apprenticeships, etc.)?

(2) Pricing policies

While varying between countries, agricultural pricing policies are made up of several combined elements: producer prices, input subsidies, export taxes, exchange rate of the domestic currency, import levies and restrictions. Three main issues can be raised in this respect:

(a) Which combination of elements would effectively give the poor an incentive to produce the most profitable crops?

(b) To what extent would this combination succeed in maintaining an appropriate balance in the relative price structure of agricultural products between imported and domestically-produced food crops, and also between traded cereals and traditional crops, so that all forms of discrimination against smallholder producers can be eliminated?

(c) What should be the criteria for applying selective import subsidies so that their targeting can contribute effectively to an equitable allocation of supply and to the objective of stimulating the choice of more profitable products and more productive farming methods by small farmers?

(3) The regulatory framework for enterprise development:

What measures need to be taken for removing regulations and practices which, through their complexity and discriminatory character, block the initiatives and reduce the competitive edge of the small-scale activities? Particular

attention should be given to reforms of urban business licensing, building and production standards as well as reforms of industrial/commercial zoning laws, in order to provide viable location and access to market opportunities for self-employed and small entrepreneurs.

(4) Specific initiatives for expanding trade and production activities:

What programmes should be promoted and developed in order to favour more intensive relationships between formal and informal sector firms (e.g. through subcontracting and piecework) and stimulate the creation of trade organizations promoting the interests of small enterprises, both in processing supplies and in selling products?

B. Policies in the social sector

52. Policies in the productive and social sectors are mutually supportive: generation of employment and incomes permit the acquisition of the wealth needed for ensuring the coverage of basic social requirements, while the latter, by developing the human resource base, leads to a rise in the general level of productivity.

53. A share of everyone's income is collective and is independent of the work of the individual benefitting from it. Since the total income of the poor is low, collective income can be particularly important to them. Collective income can include goods and services, such as roads and footpaths, convenient water sources, sewage treatment, education, health (in particular public health), law and order. Services of this kind are not available to everyone on equal terms; depending on how they are designed and provided, they may benefit some social groups more than others.

54. Social policies can be divided into two broad categories: access to social services and the establishment of safety nets. These will be taken up below. Past policy orientations and practices in these areas raise a number of issues, mainly for two reasons: (a) in many cases they have failed to benefit all categories of the population and (b) in almost every country they have met with macro-economic constraints, in particular budgetary restrictions, which rendered their financing precarious.

55. There are many kinds of safety nets: nutritional supplement programmes, specific health care programmes, relief operations, employment schemes (such as labour-intensive public works) and social transfers. They are generally targeted at the extremely poor, sometimes with a particular focus on the most vulnerable groups - women and children, refugees, indigenous communities. The safety nets are established either on a structural basis or on a transitional basis. In the second case, they are directed at those who are most affected or hurt by a temporary economic crisis and structural adjustment programmes, or those who are victims of natural or man-made disasters.

56. The choice of safety nets and the possibilities for implementing them vary by country. In those countries where poverty is widespread, no general and permanent safety net seems to be feasible, while specific schemes may be activated in case of acute crisis or disaster. In those countries where geographical areas or population groups characterized by extreme poverty remain limited, transfer schemes may be warranted.

57. The review of national experiences as regards access to social services and social safety nets could assess the scope of these problems, according to the specific situation of the country examined, and identify the most appropriate approaches and policy options for redressing them.

(1) Access to social services

The analysis of country experiences could focus on access of the poor to four basic social services: education, health, housing and sanitation. For each of them, the following set of questions could be raised:

(a) Policy elaboration:

What are the priorities and main orientations to be set forth for promoting nation-wide basic services in the social sectors concerned (e.g. greater emphasis on primary health and education over curative care and higher education)?

(b) Service delivery:

In this framework, how to ensure an effective service delivery to the poor, both in rural and urban areas. In particular, which organizational measures in the public social sectors need to be taken for decentralizing the service delivery structures and for ensuring that their functioning is adapted to the needs of the beneficiary population (e.g. through the employment of local staff)?

(c) Combination of service delivery channels:

Which type of complementarities could be built up between the public sector, community and NGO initiatives and the private sectors, taking into account the respective comparative advantages of these delivery channels, both in terms of their efficiency and their capacity to meet the demands of the various categories of the population?

(d) Financing of social services:

Which policies and measures could be adopted to set up a similar complementarity for the financing of service delivery: agreement between the public and private sectors, local financial participation through village and community fees and, particularly for low-income countries, external support for these social activities from bilateral, multilateral and non-governmental sources?

(2) Safety nets

(a) Transfer schemes:

What reforms need to be made for preserving such schemes in countries where they are endangered by macroeconomic and budgetary constraints? How to deal (in a cost-effective way) with the basic dilemma of transfer schemes, i.e. that leakages to the non-poor make the schemes costly, while strict targeting to the poor delegitimates the projects in the eyes of tax-payers, and may trigger a backlash against the poor beneficiaries? (The backlash may be particularly strong if the beneficiaries are migrants, refugees, or local ethnic minorities).

(b) Economies in transition:

The partial or total dismantling of various elements of the national safety net existing prior to the transition leads to debatable results, exacerbating impoverishment and marginalization. Would a more differentiated approach to the legacies of the past be possible, combining several approaches? (It would be possible, for instance, both to reduce some standards within the common national scheme, and to differentiate benefits according to age, number of children, etc.). The possibilities should be explored of combining outright (means-tested) targeting, and the differentiation within universal schemes to make them more affordable.

(c) Targeted specific programmes:

To what extent do targeted programmes - such as nutrition, health and employment schemes - succeed in reaching effectively the "poorest of the poor"? Which mechanisms can improve the institutional capacity of targeting (e.g. screening by indicators, self-selection devices that discourage the participation of the non-poor through programme and project designs) ? What coordination measures need to be taken for designing safety net programmes which would successfully meet an interrelated set of basic needs (e.g. integration of basic health, child care, family planning and literacy programmes)?

C. Macroeconomic framework

58. Macroeconomic policies are not directly aimed at reducing poverty. Their primary objective is to provide a framework conducive to growth - which in turn is supposed to reduce poverty. However, this process, which establishes a positive link between macroeconomic policies and poverty, is far from being automatic. In order to assess the effective character of such a link, country cases could be examined under two main aspects, (a) the relationship between growth trends and the evolution of poverty, and (b) the impact of structural adjustment programmes on poverty.

59. This assessment could then lead to the examination of policy options concerning the design of macroeconomic polices based on the structural characteristics of the economies concerned and aimed at promoting a growth pattern which would respond to the objective of poverty reduction.

1. Relationship between growth trends and the evolution of poverty

60. No general statement can be made about a relationship between poverty and economic growth. In developing countries, there is no general evidence of a positive correlation between growth and significant achievements in preventing, alleviating or reducing poverty. As can be seen from figure 2, the spread between incidences of poverty for any given rate of change in GNP is more important than the discernible relationship between the incidence of poverty and the rate of change of GNP. A study by IFAD has shown that, over the period 1965-1988, there was no association between the actual growth of GNP per capita and changes either in the income share of the lowest 20 per cent or in the percentage of poor people among the rural population.[23] Likewise, in developed countries, no simple relationship has been found between poverty and economic growth. In some, economic growth during the 1980s was accompanied by a decline in the absolute income accruing to the poorer deciles.

61. Moreover, national accounts tend systematically to ignore or undervalue forms of income which are particularly important to the poor, such as non-monetary income or collective goods and services, and they subsequently understate declines in such incomes. For instance, an increase in income in the formal sector achieved at the expense of a decline in the traditional sectors is recorded as economic growth even though it affects the income level of the poor. Thus, the links between growth and poverty reduction need to be clarified. Through the examination of country case studies, the following hypotheses could be further explored:

(a) During periods of growth, poverty can be substantially reduced if two main conditions are met:

- the country concerned has reached a certain degree of integration of the economy, and particularly of homogeneity of the labour market, which allows growth to permeate all categories of the active population;
- income distribution and social policies are designed and implemented along orientations which permit the poor to benefit effectively from the wealth generated by growth.

It is important to realize that a growth process induced by economic "poles" located in the so-called "modern" or "formal" sector can never suffice for solving mass poverty problems which characterize low-income countries and a good number of the middle-income countries. In such cases, the geographical areas and the activity sectors wherein the poor live and work have to be considered as the main source of growth, and policy decisions must be taken in consequence - in particular with respect to productive assets.

(b) During periods of recession, the poor are even more affected, as lower growth rates generate losses of income and unemployment, and a movement of workers to more absorptive and informal activities. The extent of poverty aggravation will depend, *inter alia*, on (a) the degree of fragmentation of the labour market; (b) the vulnerability of the economy to external shocks, and (c) the capacity for preserving social policies and activating safety nets targeted for the poor during such periods.

62. Finally, particular attention should be paid to the evolution of extreme poverty according to variations in growth. In this respect, the following scenario could be compared to country experiences: in a recession period, extreme poverty increases while, when growth resumes, only a part of the poor actually escape this category. This "extreme poverty trap syndrome" can be considered as being the main source of the "ghettos", which continue to grow in some large cities of many countries.

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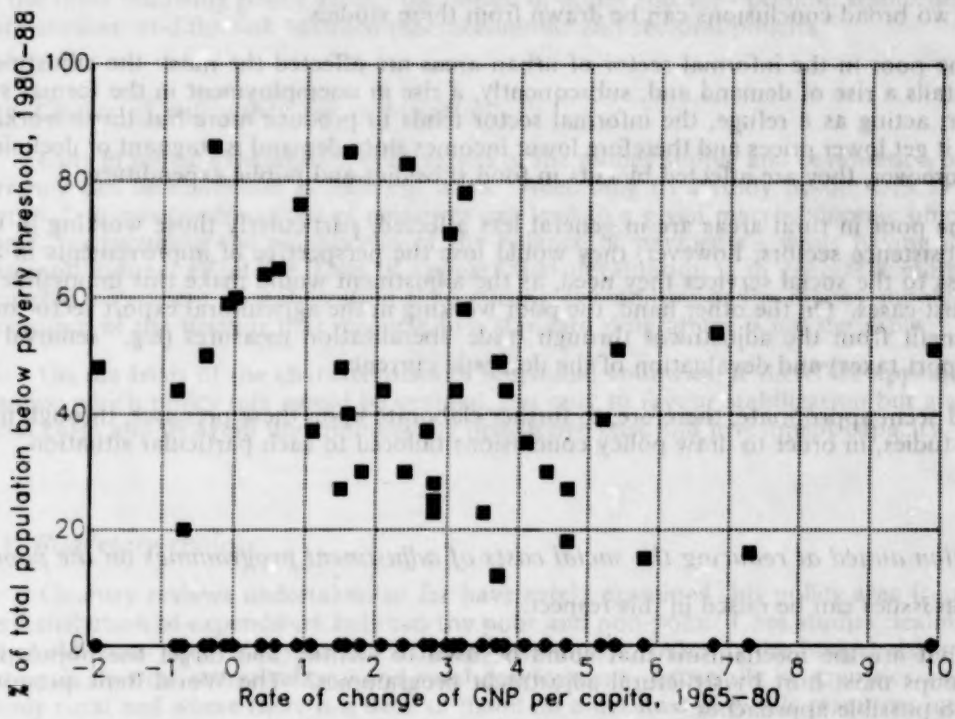
[23] See *The State of World Rural Poverty*, *op.cit.*.

Figure 2

Economic growth and incidence of absolute poverty



Source: *op cit*, tables 17 and 23.

Note: Figure 2 covers only developing countries; the source gives no corresponding figures for developed countries.

2. The impact of structural adjustment programmes on the poor

63. This issue has become a major subject of debate both at the national and international levels. On the basis of practical observations and analytical studies, it is now widely recognized that, at least in the short run, structural adjustment programmes are a factor of increased poverty. On this issue, three questions need to be raised and examined in country case studies: What categories of the poor are the most hurt, and by what effects? What interventions can be set in motion in order to reduce the impact of structural adjustment on the poor in a successful and financially feasible way? Which macroeconomic policy choices need to be made for designing structural adjustment programmes which minimize the economic and social costs for the poor? The first two questions are taken up immediately, while the third will be addressed under point (3) below.

(1) Assessment of the immediate effects on the poor of structural adjustment

64. Three main changes having an impact on the poor can be identified: changes in the prices of goods and services consumed by households, changes in the employment status of household members, and changes in the provision of public services (including government transfers) to households. The effects of these changes can be assessed according to the different categories of poor, their location and their sector of activity. Such assessments have been made for several countries.[24] Two broad conclusions can be drawn from these studies:

(a) The poor in the informal sector of urban areas are affected the most: the adjustment entails a rise of demand and, subsequently, a rise in unemployment in the formal sector; acting as a refuge, the informal sector tends to produce more but those working in it get lower prices and therefore lower incomes since demand is stagnant or declining; moreover, they are affected by cuts in food subsidies and public expenditure;

(b) The poor in rural areas are in general less affected, particularly those working in the subsistence sectors; however, they would lose the perspective of improvements in access to the social services they need, as the adjustment would make this impossible in most cases. On the other hand, the poor working in the agricultural export sector may benefit from the adjustment through trade liberalization measures (e.g. removal of export taxes) and devaluation of the domestic currency.

65. It would seem appropriate, therefore, to further elaborate upon these premises, through new country case studies, in order to draw policy conclusions tailored to each particular situation.

(2) Intervention aimed at reducing the social costs of adjustment programmes on the poor

66. Two main issues can be raised in this respect:

(a) What are the mechanisms that could be used to identify and target the population groups most hurt by structural adjustment programmes? The World Bank proposes two possible approaches:[25]

(i) "direct targeting", which identifies the poor on a household or individual level (e.g. the provision of food or medical care to those households who display clear signs of malnutrition);

(ii) "characteristic" targeting, which identifies categories of the poor according to their standards and conditions of living (e.g selected food subsidies for those items which are purchased by the vulnerable poor but rarely by wealthier households, or the provision of public services in certain regions where the poor are concentrated). In each case, the feasibility and comparative advantages of these mechanisms would have to be carefully assessed.

(b) What are the possible ways of financing compensatory programmes for the poor, taking into account both the need for such programmes and the financial constraints resulting from stabilization measures?

67. Here, a political problem arises. Adjustment costs affect not only the poor but also the middle classes (e.g. through lower wages or post cuts in the public sector as well as in the modern private sector). Governments tend to provide compensatory programmes for the latter, in order to make the adjustment politically acceptable to them; it then becomes more difficult to finance programmes targeted specifically at the poor. It may be appropriate to consider this important element when the donors' role in supporting measures aimed at mitigating the social costs of the adjustment programmes is examined.

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[24] See, in particular, Thomas Bourguignon and Christian Morrisson, *Adjustment and Equity in Developing Countries*, Development Centre Studies (OECD), Paris, 1992); and *The Poor during Adjustment - A Case Study of Côte d'Ivoire*, LSMS, Working Paper No.47, World Bank.

[25] World Bank, *The Poor during Adjustment - A Case Study of Côte d'Ivoire*, *op.cit.*, pp.7 and 8.

3. *Design of macroeconomic policies*

68. The main issue is the examination of the effects of macroeconomic policies on economic growth and the distribution of such growth. Experience gained in this respect needs to be further explored, bearing in mind the objective of fostering a pattern of economic growth which permits effective prevention and reduction of poverty. In this context, it is proposed to focus the analysis on the three following policy areas: the choice of policy mix for optimum stabilization; the budgetary choices; and the link between macroeconomic and sectoral policies.

(1) Choice of policy mix for stabilization

69. Cuts in public expenditure, contraction of the money supply and devaluation of the domestic currency can be combined in different ways. According to a study by the OECD Development Centre, "various combinations of measures can lead to a given macroeconomic objective - for example, restructuring the equilibrium of the balance of payments - while having different social costs and indirect effects".[26] Thus, it appears that devaluation is in general a more efficient and equitable instrument of stabilization than cutting expenditure or the money supply. The general conclusion of the study is that recourse to a standard programme is not desirable.

70. On the basis of the characteristics of individual countries, it therefore appears necessary to examine which policy mix would be optimal, not only to favour stabilization but also to minimize social costs and to avoid undermining the productive base and investment capacity.

(2) Budgetary choices

71. Country reviews undertaken so far have rarely examined this policy area from the angle of the distribution of expenditure between the poor and non-poor. Case studies dealing with this issue could focus particularly on the following questions: What is the budget share which, across sectors, is devoted to agricultural and rural development - especially in countries where poverty is mainly rural and where there is a need to maintain a net flow of public resources into agriculture? What is the priority given, within each social sector, to protecting or expanding basic services (primary education, basic health care, family planning, extension services, roads in remote areas, etc.)?

72. Tax patterns could also be examined in terms of their distributional impact (e.g. degree of tax compliance and contributions from the upper common deciles to tax revenues). In a poverty-reduction perspective, the objective would be to ensure that the social sectors, productive infrastructure and service provisions benefit the poor, and that tax policies are not regressive.

(3) Link between macroeconomic and sectoral policies

73. Macroeconomic policies have little impact if appropriate sectoral policies are not undertaken at the same time. Sectoral policies are particularly crucial in those countries characterized by large areas of poverty and a weak or disorganized structure of production.

74. Through country case studies, the analysis of the link between macroeconomic policies and sectoral policies could focus on the following issues:

(a) The way to promote products for which the poor in the informal or agricultural sectors can acquire a competitive edge, in both domestic and export markets (through appropriate pricing, the removal of trade restrictions and export taxes, etc.);

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[26] See *Adjustment and Equity in Developing Countries*, *op.cit.*, p.14.

(b) The measures to be taken, on a temporary basis, for ensuring a certain structure of protection in specific sectors, thus avoiding a bias against labour-intensive activities;

(c) The extent to which budgetary choices are consistent with productive and social sectoral policies specifically directed towards the poor communities.

75. It seems important to deal with these issues in order to prevent total disconnection of macroeconomic policies from the real economy: disconnection has actually proved to be inefficient in fostering a pattern of growth where the poor cease to be marginalized and become part of the national economic mainstream.

76. Linkages between national policies (both macroeconomic and sectoral) and international economic environment would also need to be examined: the international environment, including such components as interest rates and commodity price and supply policies, according to whether they are supportive or not, can greatly enhance the success of, or conversely jeopardize, national policies (see also section IV.).

D. Institutional framework

77. Poverty reduction entails choices and trade-offs between the poor and the non-poor, and between different groups of the poor: urban/rural, ethnic minorities, people from under-developed regions. The political problem clearly lies in the fact that shifting the benefits of public policies and expenditures to help the poor is resisted by the other categories of the population, usually more vocal and influential, and better organized. While this dimension cannot be dealt with in the framework of the Committee, there are two institutional aspects that play a decisive role in the implementation of poverty reduction strategies which could be examined in the review of country experiences: one is the functioning of the public administration (good management) and the other the issue of people's participation and "empoverishment" of the poor.

78. "Good management entails the provision of the necessary physical and social infrastructure, the pursuit of sound macro-economic policies, the creation of a conducive policy environment, and the development of human resources required to support economic activity and policies that respect efficiency in the use and allocation of resources".[27] These various public policies have been reviewed in parts A, B and C above, in the perspective of poverty eradication.

79. People's participation generates "a move away from the narrowly defined interests of the stronger and richer elements of their societies to orient growth along the path of sustainable and equitable development".[28] This is obviously a long process based on the people's growing awareness of their social entitlements and economic opportunities. Apart from the political process itself, there are two main avenues which can foster increased access to and control of resources by the poor: one is the sensitization of local, regional and national public institutions to the needs of the poor in order to foster the design and implementation of policies and programmes directed to these needs; the other is the strengthening of the institutions of the poor themselves so that they can formulate organized demands addressed to government institutions. It may not be sufficient, however, to involve the poor in the design and implementation of projects on their behalf: it might also be necessary to make the poor more responsible through sharing project costs.

80. In this context, the NGOs have been playing an increasingly important role in promoting popular participation, and particularly participation of the poor in the development process. In many cases, NGOs in developing countries moved from the stage of provision of emergency assistance to the stage of addressing longer-term development problems by undertaking increasingly expanding activities in such areas as health and sanitation, education and training, nutrition,

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[27] See *A New Partnership for Development: the Cartagena Commitment*, eighth session f UNCTAD, February 1992.

[28] See *The State of World Rural Poverty*, *op.cit.*, p.343.

community development, provision of credit, etc. A number of issues relating to the role of NGOs in participatory development need consideration, e.g.: further strengthening the nexus between NGOs and grass-roots organizations of the poor (down-top approach); institutional strengthening of indigenous NGOs of developing countries; greater rural orientation of NGOs' development action (as opposed to their urban-bias in certain cases, as found by an UNCTAD study;[29] better coordination of NGOs' anti-poverty action; and improvement of the general policy environment to foster NGOs' development action.

81. By organizing themselves progressively, the poor can express their desire to improve their lives and take responsibility for it. This process of empowerment sets in motion a change of mentality at the societal level. It can thereby contribute in a decisive manner to ending the physical and social isolation of the poor and promote their integration into the economic and political mainstream of society.

82. In such integration, a prominent role should be given to women. The place of women in the poverty nexus is crucial. Poverty strikes women disproportionately, and not only women who head households. Within the household, there may be practices which place the burden of poverty particularly on women. Most societies discriminate against women when it comes to access to resources including land, credit, education, training and technology. Conversely, in many societies women play an essential role in child-rearing, food production, and environmental management. As a result, they often have distinct knowledge which can help to break the vicious circles of poverty.

83. If the resources of the poor are to be effectively used and, if the poor are to be empowered, it seems then to follow that a bottom-up approach to poverty reduction would be justified. One more reason to follow a bottom-up approach is that apart from objective facts of poverty, the subjective feelings of the people concerned have also to be taken into account: the indignities of poverty trigger political tension, especially if there are processes of impoverishment identified as "man-made", i.e. the consequence of deliberate policies. This syndrome has occurred in several third world countries, but it is particularly characteristic of the countries in transition in Central and Eastern Europe. Another reason for the grass-roots approach is that policies imposed on people against their will are likely to fail. A necessary condition of poverty is that the person or group concerned considers itself to be poor.[30]

84. There are, however, at least three limitations to this type of approach to poverty: first, initiatives starting from the bottom may not reach the top: they may be disregarded by national and international authorities. Secondly, projects at the grass-roots level are often limited in scope and do not get replicated. Thirdly, the poor like any other social group, live and work in an environment parts of which are outside their control. Thus, bottom-up approaches can deal with only part of the problem. Conversely, top-down measures - however indispensable - can fall beside the target. The art of ensuring that bottom-up and top-down approaches meet and reinforce one another is part of the art of politics. *It is an approach on which the Standing Committee might usefully exchange views on national experiences.*

85. To explore these problems, country case studies may address the following questions:

(1) Good management

(a) Legislative and regulatory framework:

Do laws and regulations provide the poor with an adequate framework to have access both to the productive resources and the basic services they need? What may be the obstacles to law enforcement in countries where such a framework is established?

(b) Planning systems:

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[29] See UNCTAD, *The Least Developed Countries, 1992 Report.*

[30] Earlier in this century, compulsory development of groups whose lifestyle did not correspond to the official view of prosperity, was fashionable so as to bring them into the mainstream. Several United Nations declarations of recent years now recognize the right of groups to maintain a lifestyle which others might describe as poor. The ILO Indigenous and Tribal Peoples Convention 1989 (Convention 169) is particularly important in this regard. Principle 22 of the Rio Declaration on Environment and Development can be understood as a reference to it.

To what extent does public administration ensure that the sum of separate efforts to reduce poverty add up to a coherent whole? What is the effective strength of those parts of the administration which, locally or nationally, consider and manage linkages across sectors and programmes around specific objectives related to poverty alleviation? Finally, to what extent does town and country planning ensure appropriate location and spatial distribution of investments in the areas of services, facilities and infrastructure so as to maintain a balance between urban and rural areas and between secondary centres and bigger cities?

(c) Decentralization:

What is the experience gained in decentralization of decision-making? To what extent do local government institutions succeed in promoting an enabling environment for the poor, especially in rural areas? What are the obstacles met and the experience gained in overcoming them?

(2) People's participation

(a) The role of the institutions of the poor:

What are the status, weight and scope of activities of the various entities supporting and/or representing the poor: NGOs, grass-roots organizations, unions, cooperatives, etc.? What is their relationship with local authorities and institutions, in terms of both undertaking concerted or complementary activities and defending the rights of the poor?

(b) Women's participation:

To what extent is the contribution of women's role and work recognized in society at the local, regional and national levels? Through which mechanisms and entities does this recognition lead to an effective participation of women in the decision-making process?

(c) Market and people's participation:

To what extent can people's participation help to ensure the necessary flow of services and investments to the poor in "privatized" and "market-driven" contexts? Under what conditions can people's organizations respond to the challenges of privatization and reduced public expenditures, through both social and productive activities?

86. *Taking into account considerations and issues developed in sections A, B, C and D above, the Committee may wish to decide on ways and means to compare national experiences, including which countries should be selected for case studies. Who (researchers in government institutes, participants in workshops/seminars, etc.) should prepare such studies and compile syntheses of them for inter-country comparison for the use of Committee members? What topics should receive priority and what broad common outline should be followed under each specific topic, and overall?*

III. IMPACT OF DEVELOPMENT ASSISTANCE AND COOPERATION PROGRAMMES

(Terms of reference, para. 2 (c))

87. An international partnership for prevention, alleviation and reduction of poverty implies that the donor community should provide requisite assistance, not only in cases of emergencies arising from natural and man- made disasters, but also to support on a sustained basis the efforts of de-

veloping countries to implement poverty alleviation policies. For the poorest countries lacking the capacity to mobilize sufficient domestic resources for poverty alleviation and reduction, effectively targeted ODA, both from official bilateral and multilateral sources, should play a major role. In addition, international NGOs (financed by voluntary private sources and official agencies in developed countries) have come to be regarded as the "third channel" of external resource flows to developing countries, still relatively small compared to overall ODA, but steadily increasing in recent years and especially relevant as development NGOs are generally poverty-focused and operate at the grass-roots level.

A. Review of existing information and findings

88. The question of the effectiveness of development assistance has been the subject of numerous studies. The conclusions of the Task Force on Concessional Flows commissioned by the Development Committee of the World Bank in 1985 and those of DAC's Twenty-Five Years of Development Cooperation covering the period 1960-85 are particularly pertinent in respect of poverty alleviation and eradication. While recognizing that there was considerable room for improvement in the way aid was provided by donors and used by recipients, the Task Force concluded that "most aid" had been "productive and helpful to development", and that public support was "particularly strong to alleviate poverty and respond to emergency situations". It also noted, however, that although, on development grounds, reallocation of ODA to low-income countries was highly desirable and would make a major contribution to meeting their needs, the scope for such reallocations, in practice, was likely to be limited. More worrying, albeit not in contradiction, is the conclusion of the DAC report, which states that "the most troubling shortcoming of development aid has been its limited measurable contribution to the reduction - as distinguished from relief - of extreme poverty, especially in rural areas of both middle income and poor countries".

89. A number of reasons have been identified which would explain these findings. On the one hand, donors' motivations and policies have affected the quantity, allocation, and quality of aid. Donors' principal reasons for supplying aid have been predominantly political/historical, strategic, commercial and humanitarian, while reducing poverty has usually been far from a priority. Only a small number of countries (mainly the Nordic countries) have regularly met the internationally agreed ODA targets for developing countries as a whole and for the least developed countries. New conditionalities have been introduced impeding the timely delivery of aid.[31] As regards specific projects, donors have shown a preference for funding physical capital installations that help their own firms and exporters, rather than investing in social sectors, such as health and education, that make an intensive use of recurrent resources. The fact that a substantial amount of aid is tied has also had obvious negative repercussions. Furthermore, recipients' institutional, managerial and other weaknesses have negatively affected the use and effectiveness of aid.[32]

90. A number of regrettable features have resulted. Aid receipts of poor countries and of countries with large segments of poor population have fallen short of their external capital requirements for reaching sustained growth and thereby reducing poverty. Aid has not gone mostly to low-income countries.[33] On average, the least developed countries have received higher amounts in terms of per capita allocations but, on the whole, there have been great disparities in such allocations and some of the developing countries with the largest numbers of poor people (e.g. China and India) have been the ones receiving less aid in per capita terms.

91. As regards the sectoral allocation of aid and specific anti-poverty projects, the picture is not encouraging either. UNDP has calculated that a significant fall in the allocation of total DAC aid

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[31] This issue is considered in UNCTAD's *Least Developed Countries Report, 1992*.

[32] For more details, see World Bank, *World Development Report 1990*, pp. 130 to 133.

[33] According to OECD the share of bilateral and multilateral ODA from all sources provided to low-income countries decreased from 57.5 per cent in 1988 to 56 per cent in 1990. See OECD, *Geographical Distribution of Financial Flows to Developing Countries* (Paris, 1992).

to the social sector during the 1980s of from 30.8 per cent in 1979 to 25.7 per cent in 1989.[34] Moreover, low allocations to human priorities (of primary benefit to the poor), i.e. basic education, primary health care, safe drinking water, family planning, and nutrition programmes, have currently been, on average, 6.5 per cent of DAC bilateral ODA and only 10 per cent of multilateral programmes.[35] The World Bank, for its part, has stressed the difficulty of assessing the effect of aid on the poor, noting that "sometimes assistance for specific anti-poverty projects indirectly finances undertakings that may not help the poor and even hurt them."

92. The reasons why many aid projects have proved to be ineffective include (i) lack of commitment to help the poor (resulting in diversion of benefits to the non-poor); (ii) macroeconomic and sectoral policies (e.g., pricing policies in the agricultural sector and land-use policies in the urban areas), at variance with the objectives of the projects (although projects may have been successful on their own terms, they tended thus to be "enclaves" within national systems inattentive to the needs of the poor); (iii) frequent shifts in donors' concerns and policies which have often overshadowed the need for stable long-term strategies, and lack of coordination among donors; (iv) neglect of the institutional and managerial aspects of poverty-oriented projects; and (v) inadequate participation of the beneficiaries (local community organizations, organized groups of poor workers, borrowers, or women, etc.) and little attention given to socio-cultural and political factors in recipient countries. Areas where projects are considered to have been particularly successful are: agricultural research (particularly on crops grown predominantly by the poor) and extension; the introduction of high-yielding varieties of food grains in Asia and especially India (the "Green Revolution"); irrigation that benefits many small farmers, especially in Asia; basic infrastructure in rural areas, especially farm-to-market roads in many low-income sub- Saharan African countries; primary education, basic health care, and nutrition; rural public schemes, and relief from natural and man-made disasters.[36]

93. Another aspect of aid effectiveness relates to aid coordination both among donors and between them and the recipient countries. Improvements are called for in a number of areas, including, for example, the need for both donors and recipients to turn their attention to better formulated development strategies, with appropriate emphasis on poverty alleviation, in a longer time-frame (i.e., going beyond structural adjustment); making aid coordination a primary responsibility of the recipient, rather than a donor-driven process; building up institutional and management capacities of recipient governments to coordinate and implement assistance programmes; bringing a greater number of developing countries under the aid coordination process. It would be important that the aid coordination meetings (such as World Bank Consultative Group and UNDP round table meetings) focus on poverty, and from time to time devote themselves exclusively to the consideration of poverty alleviation policies and strategies (e.g., as in the case for the planned Uganda Consultative Group).

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[34] See UNDP, *Human Development Report 1991*, p.54.

[35] *Op.cit.*, 1992, p. 45.

[36] See *World Development Report 1990*, *op.cit.*

On the basis of its own experience, the World Bank has identified the following shortcomings concerning rural development projects (projects principally aimed at shifting the forms of agricultural development toward smallholder farmers and at increasing farmers' productivity, output and income): (i) many integrated projects were too ambitious and complex, and they often placed impossible demands on local leadership and institutions; as a result, they performed worse than projects with simpler designs; (ii) in many cases the benefits flowing from projects were not sustained beyond project completion; projects that encouraged participation worked better; and (iii) government policies on prices, interest rates, and input supplies were frequently at variance with project objectives. Many projects thus tended to be "enclaves" within national agricultural systems that were still largely inefficient and inattentive to the needs of poor farmers.

As regards urban poverty projects, the main lessons which could be drawn were that: (i) the larger policy and institutional environment can hamper urban poverty projects, just as it has rural development projects (the concentration of land in the hands of large property owners often made it difficult to acquire land for housing projects; zoning regulations also generally discriminated against the poor; and the inefficiencies of service-delivery organizations often thwarted efforts to provide municipal services to poor areas); (ii) it is difficult for urban poverty projects to reach the poorest people. (The most comprehensive study conducted by the Bank found that people in the middle rather than the lower part of the urban income distribution tended to gain most); and (iii) project level interventions, such as shelter projects, often do not have much influence on the overall urban policies of recipient countries (some old planning and design criteria have given way to lower - cost solutions, but the laws, codes, and regulations that provide the framework for private housing development have generally been left unchanged); in most countries sites and services projects - like many rural development projects - became "enclaves".

B. Aid policy orientations for the 1990s

94. Awareness that persistent mass poverty would remain a major global challenge in the 1990s has led the DAC Aid Ministers to emphasize the need for actions to alleviate and reduce poverty, notably in their policy statement on Development Cooperation in the 1990s (see annex III). Multilateral agencies likewise recognize the urgency and priority of the problem of poverty. Many have identified poverty alleviation and eradication as a high priority objective in their work programmes and incorporated this objective in their interventions at the country level.[37]

C. Some noticeable gaps

95. Problems in assessing the impact of development assistance and cooperation programmes on poverty alleviation and reduction arise from the fact that:

(a) such programmes cannot be evaluated in isolation from domestic and other external factors and policies affecting poverty;

(b) programmes and projects for poverty alleviation should support and complement domestic policies (provided this is their aim). This raises extensive problems of dialogue and coordination (among various donors, central and local government entities, NGOs); (iii) there is no recognized, agreed, systematically catalogued list of projects specifically targeted for poverty alleviation (although major studies on the subject provide examples in specific country situations). This makes it difficult to arrive at a comprehensive assessment and, thus, to set priorities;

(c) there are, at present, statistical problems in measuring aid not only overall (taking all donors into account), but also aid to sectors, in particular those meant to alleviate poverty (the question of which sub-sectors should be considered arises here). The DAC creditor reporting system which is the most detailed and comprehensive in this respect, at least for DAC donors, provides only a very incomplete record of such flows. This is due both to the way the system has been devised and inadequate reporting by DAC members. The same type of problem arises in connection with financial aid agencies. NGOs' information is incomplete and very difficult to use;

(d) in view of the above, as well as the fact that their adoption was relatively recent, it is not possible to assess the degree of implementation of the aid policy orientations mentioned in section B, and outlined in annex III and in document E/1992/47.

96. *The Committee may consider it advisable to convene an expert group to advise on: (i) ways and means to ensure that assistance programmes and projects are consistent with and effectively support domestic policies for the prevention, alleviation and reduction of poverty; (ii) ways and means to target programmes and projects for the poor (including policy options; mechanisms/types of donors; database requirements); and (iii) how to cope with major impediments to the implementation and sustainability of the above-mentioned anti-poverty assistance programmes, with respect to both donors and recipients.*

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[37] For a detailed review of the activities of the United Nations system in the area of poverty alleviation, see Economic and Social Council, E/1992/47, 26 May 1992, Coordination of the Policies and Activities of the Specialised Agencies and other Bodies of the United Nations System, *Policies and activities relating to assistance in the eradication of poverty and support to vulnerable groups, including assistance during the implementation of structural adjustment programmes*, Report of the Secretary-General.

97. *In the light of existing information and the report of the expert group, the Committee may wish to exchange views on the role, effectiveness and overall impact of international action to fight poverty; to review the adequacy, both in quantitative and qualitative terms, of the external financial resources to complement national efforts; to identify specific areas of external support as well as to provide guidelines of modalities for targeting external measures to the poor (including the necessary modifications in the design and implementation of assistance programmes and projects); and to recommend mechanisms for optimizing the respective roles of Governments, donors and international organizations in specific categories of programmes and projects.*

IV. IMPACT OF TRADE EXPANSION ON POVERTY ALLEVIATION

(Terms of reference item 2(e))

98. It is commonly accepted that a dynamic trade sector and economic growth go hand-in-hand. Growth can provide the means for alleviating and reducing poverty. According to this hypothesis, certain forms of trade expansion can have relatively beneficial effects on the poor, depending on national policies, enabling international trading environment and the evolution of the world economy and international trade.

99. The purpose of examining the impact of trade expansion on poverty alleviation is to identify those policies and instruments which specifically relate to trade and which can most effectively contribute to poverty-reduction in various circumstances. This approach should assist the Committee in formulating policy proposals aimed at building up positive linkages between trade expansion and poverty reduction.

A. International trade

100. What seems to be needed is a satisfactory combination of an appropriate pattern of economic growth and trade expansion, from which the poor and other vulnerable segments of population will benefit through increased income-earning opportunities and improved access to productive employment and assets.

101. Trade expansion may have both a positive and negative impact on poverty: for instance, there could be trade-offs between exports of "tradeable" goods and the production of "non-tradeable" products, as illustrated by years of unresolved controversy over the priority to be given to cash crops versus food crops or, more recently, the relationship between exports, over-exploitation of soil, and poverty. On the export side, because the comparative advantages of most developing countries lie in labour-intensive activities, it is likely that increased exports would benefit, on average, the poor and that a symmetrical export contraction would have more drastic effects on the poor than on other segments of the population.

102. The import structure mainly reflects equipment needs and the consumption pattern of the rich. However, food and basic consumption goods that meet the needs of the poor are also imported at better prices. Low-priced food imports and cheap mass consumption goods may disrupt national production and affect activities and income earning of the poor in rural areas or in the informal sector. It is generally recognized that barriers to trade and price distortions affect production and consumer preferences while causing a loss in efficiency and welfare. Nevertheless, in the traditional sectors of economy (as opposed to modern sectors), appropriate tariff, tax and price policies may result in an increase of employment and wages, thus improving welfare and decreasing poverty. This may be especially the case when poverty alleviation objectives are fully incorporated into the overall development strategy.

103. The process of liberalization, the trade policy reforms, the modification of the tariffs and

tax system have therefore to be carefully designed. Timely implementation is likewise essential so that trade expansion will have the most positive impact on poverty reduction. Consistency of international trade policies and practice with national policies implemented in developing countries and economies in transition is of particular importance.

104. *The Committee may wish to consider appropriate national and international policies and instruments that would stimulate exports of low-wage labour-intensive manufactured goods and services from developing countries. In this connection, particular attention may be paid to the issue of greater involvement of small and medium-sized enterprises in international trade, as SME (including those in the tourist industry) offer significant potential for employment creation. In doing so, the Committee might wish to benefit from the work of the Ad Hoc Working Group on Trade Efficiency and the Committee on Commodities, with regard to diversification.*

105. *The Committee could analyse the effects of external shocks (arbitrary protectionist measures, trade sanctions, sudden falls in commodity prices, etc.) on the poor, and propose national and international measures to mitigate their impact.*

106. The Committee may also wish to analyse the trade-offs between cheap imports, which may improve the level of consumption of the poor, and the maintenance of activities mainly exercised by the poor. Accordingly, it could consider measures which would give increased emphasis to sustaining the living standard of the poor through appropriate tariff, tax and price policies.

B. Internal trade expansion

107. Very often poverty appears as a local phenomenon. Poverty areas, whether large or circumscribed, are usually under-equipped in economic infrastructure, capital goods, means of transportation, credit and information facilities which impede the trading of products made in these areas and increase the cost of consumption goods or productive inputs sold in these areas.

108. The Committee, in addition to the issues it might decide to address under item 2 (b) of the terms of reference, may wish to consider how the development and inter-connection of local infrastructure may contribute to the narrowing of internal disparities and stimulate internal trade, thereby contributing to overall poverty alleviation. In doing so, it could benefit from the assessment of the functioning of "Trade points" to be conducted by the Ad Hoc Working Group on Trade Efficiency in 1994.

109. It may also identify targeted policies which would give greater priority to stimulating production and internal trade in poverty-stricken areas.

V. LINKAGES BETWEEN THE ALLEVIATION OF POVERTY AND THE ACHIEVEMENT OF SUSTAINABLE DEVELOPMENT

(Terms of reference 2 (f))

110. The degradation of the environment in urban and rural areas affects the poor; conversely poverty contributes in many ways to the deterioration of the environment. In rural areas, the poor often depend for their immediate survival on an overuse of productive soils, forests and waters; meanwhile this over-exploitation of resources, exacerbated by the debt burden and the decline in commodity prices, further aggravates poverty. Similarly, in large cities, the population pressure created by migrations and poverty induces rapid degradation of the urban environment - especially in terms of infrastructure, health and sanitation - which in turn affects the living conditions of the

poor. Therefore, development policies aimed at preventing and reducing poverty form an integral part of any sustainable development strategy for achieving the objectives of economic efficiency, social equity and ecological sustainability.

111. Sustainable development constitutes a major area of work for UNCTAD, not only within its specific areas of competence (trade, commodities, technology, finance) but also at a cross-sectoral level in the context of the economics of sustainability. This basic orientation explains why the dimension of sustainable development is also integrated into the mandate and terms of reference of several UNCTAD intergovernmental bodies: Trade and Development Board, Standing Committee on Commodities, Ad Hoc Working Group on the Interrelationships between Investment and Technology Transfer. In this context, UNCTAD is planning to undertake national country studies in order to analyse experiences and prospects for building up positive linkages between technological, sectoral and macroeconomic policies in the pursuit of sustainable development. The countries selected for these case studies will be coordinated carefully with those selected for analysis in the context of poverty alleviation (see section II. above).

112. There is a risk that the growing concern over the environment might lead to the promotion of new production patterns which would meet environmental concerns and criteria but exclude the poor. In order to avoid this, it is essential to evolve new resource-use patterns allowing for integrated production systems and infrastructure schemes that are adapted to the local ecosystems where the majority of the poor live. In urban areas, this approach would lead to the promotion of non-polluting and resource-saving small-scale economic activities - in particular production of environmentally friendly products for the domestic market as well as recycling - along with sewerage treatment, transport and communication infrastructure which are resource-efficient and accessible to the poor. In rural areas, the same approach calls for regenerative agriculture and agro-forestry systems permitting productive use of natural resources without depleting or degrading them. In this context, particular attention needs to be paid to fragile soils and areas vulnerable to natural disasters.

113. Any project and sectoral activity should be planned and assessed against a mix of economic, social and ecological criteria. For example, rural poverty cannot be eradicated without multifaceted land-use programmes adapted to well-identified areas. Moreover, such programmes cannot be efficient without the involvement of the poor themselves in their formulation and implementation.

114. It is thus proposed that the starting point for examining through country experiences, the interface between poverty alleviation and sustainable development would be the analysis of resource-use patterns and the extent to which they are suited to the productive potential and the needs of the poor in various rural and urban ecosystems and cultural settings. The policy requirements for effective implementation of such resource-use patterns could then be examined along the following lines:

(a) A dynamic technology policy whereby the poor would have access to the environmentally friendly agricultural, forest management and industrial techniques they need for their productive activities; this policy would create the conditions for optimal use of the body of knowledge already acquired on endogeneous and local technologies and, where necessary, promote ways and means of complementing them with external knowledge and innovation;

(b) A set of measures aimed at financing the promotion of these resource-use patterns which should, in particular, support the promotion and dissemination of the relevant technologies, facilitate the access of the poor to the capital required for the productive activities developed in this framework and permit the initiation of public or community works for establishing the related infrastructure. This outcome can be achieved through an appropriate mix of fiscal and budgetary policies, and financial incentives associated with new and additional external financial flows.

(c) Consideration of basic principles for sustainable development, as well as of economic and regulatory tools, in the perspective of the needs of the poor. For instance, when the "polluter-pays" and "precautionary" principles are applied through the price mechanism, their impact on the poor should be specifically studied; where these principles

are applied through legal and regulatory means, particular attention must be paid to the needs of the poor. It also requires studying the changes in relative prices that would result from the internalization of costs related to external effects associated with exploiting, transforming and using resources, together with the costs of the foregone future uses of depleted resources, as these changes may either improve or worsen the conditions of the poor, depending on the circumstances in each case.[38]

115. *The Committee may wish to consider the implications for the poor of orientations and policies related to the environment, in the context of its own specific terms of reference. It may also wish to request the UNCTAD secretariat to provide at a later stage a more comprehensive report on the links between sustainable development and the prevention, alleviation and reduction of poverty as revealed by the debates in various UNCTAD bodies and secretariat work.*

VI. THE RELATIONSHIP BETWEEN MIGRATIONS AND OTHER DEMOGRAPHIC FACTORS, AND POVERTY ALLEVIATION

(Terms of reference 2 (g))

116. Two types of migration will be briefly dealt with: internal migration, namely, rural-urban migration and international migration, comprising labour movements from one country to another - including migrants recruited under planned arrangements or having passed the frontier through irregular channels - and mass movements of migrating people in search of asylum.

117. Although the causes and motivation of migratory flows and movements have become increasingly complex and the identification of migrants by categories extremely difficult, there is no doubt that migratory movements are a direct consequence of poverty in the sense that whatever may be the other causes of migration - civil strife, ethnic conflicts, wars, destruction of economic infrastructure, etc. - the main determinant of migration remains primarily the economic push factor driving large numbers of people to flee destitution.

A. Internal migrations

118. A current major consequence of rapid urbanization resulting from rural-urban migration is the growth of urban poverty. The rate of urbanization, that is, the average annual rate of increase in the percentage of population living in urban areas, has been rising dramatically since the 1950s and 1960s when development strategies began emphasizing industrial expansion, technological modernization and metropolitan extension. Indeed, since 1950, the number of people living in cities has almost tripled.[39] It is estimated that by the year 2025, out of a total world population of 8.4 billion, around 60 per cent will live in cities and towns. The global urban population had been growing at an annual rate of 3.1 per cent through the 1980s: twice the rate of growth of total world population and nearly five times the rate of growth of the rural population. Such growth

[38] Higher resource prices may, for instance, benefit the poor insofar as they "own" the resource in question, or insofar as higher prices reduce pressure from the monetary economy on resources essential to the poor's non-monetary needs. They may, on the other hand, worsen the conditions of the poor if they result in an increase in the price of goods the poor must buy or stimulate financial interest in the resources in question.

[39] UNFPA, *Meeting the Population Challenge*, New York, pp. 6 and 7.

has been particularly strong in Africa and moderate in industrialized countries.[40] In third world countries, the undeniable evidence of urban poverty brought about by the rapid spread of urbanization is the proliferation of slum settlements: today slum areas represent over one-third of the urban population in all developing countries and in many cases account for more than 60 per cent of the urban total.

119. In understanding and analysing the problem of rural-urban migration, recent studies of internal migration undertaken by individual economists and international institutions have considered economic and non-economic factors among the causes, determinants and consequences influencing the decision to migrate. Almost all point to the same conclusion: whatever may have figured among reasons to migrate - whether social, psychological, cultural, demographic, etc. - rural-urban migration may primarily be attributed to economic reasons. As stipulated in the Todaro model, despite widespread and rising urban unemployment, the real income differential between rural and urban work coupled with the probability of succeeding in securing an urban job in any given period of time constitute "the expected" gains from migration"[41] and remain the two essential variables underlying the motivation to migrate.

120. Country experiences in grappling with the heavy influx of rural migrants into the urban areas are extremely diverse. Policies were, *inter alia*, designed to eliminate factor-price distortions, to adjust wage differentials, and to expand small-scale, labour-intensive industries in both urban and rural areas. They would do so either directly through government investment or indirectly through income redistribution. The objective was a more balanced pattern of spatial distribution through regional and country planning, including planned transmigration and resettlement programmes and the creation of a network of medium-size cities. These policies, aimed at curbing the rural-urban influx albeit not attempting to reverse an "inevitable historical trend", have implications for the poor.

121. *The Committee may wish to consider and compare national experiences with policies that endeavour to alleviate poverty in both the emigration points and immigration points, i.e. rural and urban areas, and their impact on the process of internal migration. Similarly, the Committee may wish to consider through the comparison of national experiences the impact on poverty of policies designed to reduce internal migrations.*

B. International migrations and the problem of asylum seekers

122. The same reason that motivates people to migrate from rural to urban areas also motivates them to cross borders: the search for better economic opportunities. International labour migration takes place in six major regions: Western Europe, North America, Australia, the Middle East, southern Africa and a few countries of South America. Migratory movements to the North originate from diverse parts, namely, from the South and more recently from the East, while migration from one developing country to another consists usually of an influx of labourers from neighbouring countries.

123. It is difficult to obtain numerical estimates of the current migrant population in view of the fact that a substantial amount of illegal migration has been taking place since the tightening by the developed countries of their immigration policies and control. These constraints on legal admissions have not stemmed the flow. On the contrary, migrants are increasingly pursuing illegal channels of entry into the receiving country; such migratory waves are becoming more difficult to control. Even more difficult to control are the millions of refugees fleeing from poverty, hunger and despair (the majority of whom come from developing countries), and who seek asylum mainly in third world countries (most of which already experience poverty problems), or in Europe and

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[40] See, United Nations, "Current Trends and Policies in the World Economy", *World Economic Survey, 1991* (New York), pp. 204- 205.

[41] Michael P. Todaro, *Economic Development in the Third World*, third edition (New York and London: Longman, 1987), pp. 258-261.

North America where they account for one-third of the total annual immigration flow. The influx of refugees and migrants and the threat they represent in terms of competition for land and scarce employment opportunities have, in general, exacerbated xenophobic tendencies and inter-ethnic tensions in the receiving developed or developing countries. Another major migration problem which is becoming more and more acute for some developing countries is the issue of repatriation of labour and masses of returnees following the introduction of stringent immigration policies on the part of the receiving countries or dislocation by war. Absorbing the returning worker at short notice poses tremendous social and economic difficulties for the sending nation.

124. *In this connection, the Committee may wish to examine and develop further, on the basis of relevant economic analyses of migratory trends, the following possible policies, bearing in mind that they require coordination among sending and receiving countries:*

(a) *Development of national strategies whereby faster economic development of the sending countries could contribute to curbing emigration and to reducing gradually these countries' dependence on international migration, especially when the sending countries are no longer able to internalize the benefits of international migration - for example in terms of preventing losses of agricultural output insofar as their rural areas experience an exodus of the labour force;*

(b) *Formulation of strategies whereby sending and receiving countries have a common interest in containing migratory waves, in particular the flow of asylum seekers and returnees. In this regard, aid needs should be evaluated and targeted.*

C. Other demographic factors

125. As recognized by the Second World Conference on Population (Mexico, 1984) and demonstrated by analyses and studies undertaken by economists and demographers over the past two decades, there is an inexorable link between fertility rates, poverty and the environment. While there is no doubt about the existence of a dialectic relationship between poverty and population growth - they do tend to sustain one another - widespread poverty remains the major cause of high birthrates because poor families, compelled to eke out a livelihood in subsistence economies and deprived of the basic social needs, have no other resort but to rely on their children for economic survival and old-age security. In turn, both pervasive poverty and the magnitude of world population growth negatively affect the environment which constitutes the resource base.

126. Notwithstanding the increasingly prevalent view that population growth *per se* does not constitute a problem, the disadvantages of a high rate of population growth, in particular in third world countries should not be ignored. Exceedingly high population density and the burden on adults of a very young age structure of the population are believed to have an adverse effect on:

(a) Improvement of the supply of the most rudimentary economic and social services to the poor, namely food, nutrition, public health, public education, water, electricity, etc.;

(b) The growth of savings and investments; household and public resources, instead of being directed to the development of productive assets, must be devoted to basic consumption expenditure;

(c) The transition from traditional agricultural systems characterized by low productivity to modern agriculture. It would be appropriate to note here that higher fertility rates occur primarily in rural areas which population policies and family-planning programmes often tend to neglect in favour of urban areas;

(d) The management of urban population growth;

(e) Efforts to maintain the epidemiological equilibrium, as well as those devoted to the struggle against environmental degradation.[42]

127. The traditional thinking which put emphasis on high fertility rates as the direct consequence of irrational behaviour on the part of individual households in the poorest segments of the population has little by little been forsaken. Rather, there is a growing conviction that pervasive poverty and low living standards provide the grounds for large family sizes and that attempting to solve the poverty problem by improving the standards of living of the poor is probably a more effective means to lower the fertility rates than mere GNP growth or family-planning programmes.

128. Children frequently provide direct or indirect income support to many poor households, hence poor parents often view their offspring as eventual providers of old age support in the absence of adequate social safety nets. In this context, combined strategies of better living conditions for poor households (whether directly through fiscal measures or indirectly through income-earning opportunities, in particular for women) and the relative increase in the price (opportunity cost) of children would probably urge families to weigh the economic benefits and costs of having additional children. In this connection, education has had a positive impact on fertility rates: gender-neutral education, and education of women, in particular, has often proved to be a major factor contributing to bringing down birthrates. Educated parents, mainly mothers, have tended to choose "quality" children offering high-income earning potentials over a high number of children.[43]

129. *The Committee may wish to examine in-depth and compare national experiences so as to assess whether the implementation of policies designed to improve the standards of living of the poor have had an impact on demographic patterns and population trends.*

130. The Committee may also wish further to study policies which would:

- *Modify procreation decision-making of rural and urban households by reducing the economic benefits and increasing the costs of having additional children.*
- *Highlight international assistance to developing countries in their endeavour to control population growth.*

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42 See Gerald Meier, *Leading Issues in Economic Development*, Oxford University Press, 1989, pp. 433-436.

43 Todaro, *op.cit.*, pp. 211-212 and Partha Dasgupta, "Population Resources and Poverty", in *Ambio*, Vol.21, No.1, February 1992, p.99.

ANNEX I

Poverty indicators and other tools for poverty analysis and policy

1. The most common tool for measuring poverty is the head count ratio of population estimated to be below a certain poverty line. The poverty line can be defined as "the value of income or consumption necessary for (a) the minimum standard of nutrition, and (b) other necessities".[1] The World Bank stresses, however, the pitfalls in drawing poverty lines: "Estimating necessities ... has a strong judgmental and cultural element. Even within one country, there may be important rural and urban differences. Moreover, relative food prices may be different in rural and urban areas". The threshold of poverty lines depends on their end use. For the purpose of inter-country comparisons and international policy making, a common poverty line can be established (the World Bank used for the year 1985 an upper poverty line of $370 and a lower poverty line of $275).[2] For the purpose of national policy making, poverty lines would obviously differ considerably according to countries, and also within countries according to rural vs. urban areas, region, population groups, etc. For instance, the poverty line for the United States in 1991, was $13,924 for a family of four and $6,932 for someone living alone.[3]

2. Moreover, a good number of economic and social indicators related to poverty (e.g., per capita GNP, daily caloric supply as a percentage of requirements, percentage of population with access to safe water, illiteracy rate, etc.) are regularly published in the economic reports and statistical yearbooks of major agencies of the United Nations system. They represent averages at country level and are sometimes disaggregated by gender. These data present, however, certain limitations as they are not always available on an annual basis and do not exist for a good number of developing countries, in general the poorest among them. Moreover, while they may be representative for countries like the least developed countries where the overwhelming majority of the people is known to barely attain minimum levels of living, they need to be interpreted with caution for countries where large internal inequalities prevail, and adjusted if possible for such inequalities.

3. The World Bank has proposed a list of priority indicators deemed to be highly correlated with changes in the incidence of poverty. These include (in addition to estimates of population below the poverty line) short- term income indicators, namely unskilled wage rates, consumption price indices (lower income or for food only), and rural terms of trade; and social indicators, namely shares of public expenditures for basic social services in GDP, net primary enrolment rates, under-five mortality rates, immunization data, data on child malnutrition, female-to-male life expectancy rates, total fertility rates, and maternal mortality rates.[4]

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1 See World Bank, *Poverty Reduction Handbook 1992*, Boxes 1.3 and 1.4. UNDP in its Human Development Report uses a similar definition, the poverty line being "that income level below which a minimum nutritionally adequate diet plus essential non-fo od requirements are not affordable".

2 See World Bank, *World Development Report 1990*, p.28. Recent data on population below the poverty line can be found in the World Bank, *World Development Report 1992*, in UNDP, *Human Development Report 1992*, and in the IFAD report on *The State of World Rural Poverty*.

3 Government data in the *International Herald Tribune*, Friday, 4 September 1992, p.1.

4 See World Bank, *Poverty Reduction Handbook 1992*, Box 1.6. In chapter 4 of the World Bank Policy Paper, on Assistance Strategies to Reduce Poverty, the World Bank had already proposed to use as income indicators of poverty: agricultural purchasing power per rural dweller, i.e., per capita value-added in agriculture deflated by the prices of goods consume d by the poor; real farm agricultural wages for the rural landless poor; real unskilled wages for the urban poor; and key consumer prices; and as social indicators (relating to access to social services): long-run progress as revealed by levels and trends in primary enrolment and under-five mortality; short-run movements in immunization coverage and nutritional status; and levels and trends of public expenditure on basic health care, primary education, family planning, and transfers and safety nets.

4. UNRISD has similarly proposed, as an alternative to implementing costly household surveys and as proxy indicators for indicating changes in poverty, the use of certain agricultural output indicators (adjusted for lag effects and expressed in terms of per head of rural population) e.g., output of cereal grains, or agricultural wage rates and real and relative price data for various goods.[5]

Indices of inequality

5. Data on the distribution of assets and income are very useful complements to assess the relative incidence of poverty (and to make corrections for averages at the national level). Data relating to such indices (gini coefficients, percentage shares of household income by percentile group, distribution of land holdings by percentile groups) are shown for some 55 to 67 developing countries (depending on the index) in the Appendix tables of the IFAD report on The State of World Rural Poverty. UNDP in its Human Development Report and the World Bank in its World Development Report have also published income distribution data (for some 21 developing countries for which reliable household surveys exist).

Composite indices

6. IFAD has proposed four composite indices reflecting the incidence of poverty. These are the food security index, the integrated poverty index, the basic needs index and the relative welfare index (combining the first three indices). In the case of composite indices, apart from problems relating to the reliability of constituent indicators, the problem of how to combine them and weigh them is always open to question. Data in respect of the above-mentioned indices are presented for some 114 countries in the appendix tables to the report on *The State of World Rural Poverty*.

7. The *Human Development Report 1990* issued by UNDP introduced the human development index (HDI) which combines indicators of national income, life expectancy and education attainment to give a composite measure of human progress. Suggested changes in the index to reflect gender differences, income distribution, rural-urban disparities, environment, etc., are suggested in the *Human Development Report 1992* which contains HDI indexes for 160 developed and developing countries (pp. 19 to 24 and 127 to 129).

Other tools of analysis: poverty profiles and poverty maps

8. The *poverty profile* is an analytic device for summarizing information on the sources of income, consumption patterns, economic activities, and living conditions of the poor.

9. The World Bank has identified the following questions that the poverty profile should address:

What is the poverty line (upper and lower)?
How many people are poor and extremely poor?
How large is the poverty gap?
What is the distribution of living standards among the poor?
Are the poor predominantly urban or rural?
Has there recently been migration of the poor to urban areas?
How is poverty correlated with gender, racial, and ethnic characteristics?
What are the main sources of income of the poor?
What products or services do they sell (tradeables/nontradeables)?
How large a factor is unemployment or underemployment?
Which are the important goods in the consumption basket of the poor?
What is the educational, health, and nutritional status of the poor?
What are the fertility characteristics of the poor?
To what public services do the poor have access? What is the quality of the services?
What assets - land, housing, and financial - do the poor own?
How secure is their access to - and/or tenure over - natural resources?
What are the environmental dimensions of poverty?
How variable are incomes of the poor? What risks do they face?

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[5] See UNRISD, *Qualitative Indicators and Development Data: current concerns and priorities* (Geneva, November 1991).

10. The *Poverty Reduction Handbook 1992* contains two examples of country poverty profiles (in Boxes 1.4 and 1.5) and references to poverty profiles for eight more developing countries (in Boxes A.4.1 to A.4.8).

11. UNDP shows profiles of human deprivation based on the following indicators, namely number of people (a) without access to health services; (b) without access to safe water; (c) without access to sanitation; and numbers of (d) children dying before age five; (e) malnourished children under five; (f) children not in primary or secondary school; (g) illiterate adults; (h) illiterate females; and (i) people below the poverty line (total and rural).

12. IFAD provides profiles of the rural poor in 114 developing countries showing the distribution of rural population by functional groups known to be particularly vulnerable to poverty (see above under Composite indices).

13. Finally, especially in countries where poverty is unequally distributed, one can also think of drawing poverty maps in order to have an overview of where the poor are located, so as to concentrate interventions in areas where there is a high proportion of poor people.

ANNEX II

Selected intergovernmental agreements relevant to poverty alleviation

1. The Cartagena Commitment

1. The Cartagena Commitment, adopted by the United Nations Conference on Trade and Development at its eighth session, in February 1992, noted that "a consensus has developed on a number of priority aspects of development, including the eradication of poverty" (para. 23). The issue is more fully treated in paragraph 13 and especially in paragraph 18 of the Cartagena Commitment. The latter has been incorporated into the terms of reference of the Standing Committee (see para. 4 of the terms of reference). These paragraphs of the Cartagena Commitment read as follows:

> " 13. Interdependence could realize its full potential as a vehicle for the transmission of positive impulses, accumulating benefits for all in a positive sum gain, if policies were formulated in a mutually reinforcing fashion to favour positive adjustment, growth and development in the world economy. The significance of this potential has recently acquired a new edge from the recognition that worldwide sustainable development requires both national and international action to conserve the earth's resources in a manner conducive to development and to eradicate poverty as one of the major sources of degradation in the developing world. However, interdependence also means constraints on the scope of autonomous policy within national economies. Economies, especially those of developing countries, which are making efforts to integrate themselves in the world economy and are open enough to come under considerable influence from policies pursued abroad, but do not have sufficient weight for their own policies to have a significant impact on others, are particularly vulnerable to external shocks.
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> • • •
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> 18. The most important development challenges for the 1990s are the elimination of poverty and the acceleration of economic growth and social development in the developing countries on a sustainable long-term basis. Addressing these challenges effectively will provide a solid foundation for lasting international peace and security. It calls for effective national policies to achieve sustained and accelerated non-inflationary growth and development, firmly supported by international cooperation aimed at improving the external economic environment, with each country contributing to this objective taking into account its capacities and weight in the world economy. It also calls for a firm and tangible commitment to multilateralism, involving a strengthened development dialogue and cooperation for development among countries, rich and poor, based upon the principle of sovereign equality and the recognition of mutual benefits, common interest and shared responsibilities."

2. The Rio Declaration and Agenda 21

2. The Rio Declaration on Environment and Development, adopted at the United Nations Conference on Environment and Development held in June 1992, has proclaimed, as one of the principles for establishing a new and equitable global partnership, that: "All states and all people shall cooperate in the essential task of eradicating poverty as an indispensable requirement for sustainable development, in order to decrease the disparities in standards of living and better meet the needs of the majority of the people of the world." (principle 5).

3. Agenda 21, adopted by the Conference, contains a chapter entitled "Combating Poverty" (chapter 3), which recognizes that a specific anti-poverty strategy is one of the basic conditions for ensuring sustainable development, and stresses that "an effective strategy for tackling the problems of poverty, development and environment simultaneously should begin by focussing on resources, production and people and should cover demographic issues, enhanced health care and education, the rights of women, the role of youth and of indigenous people and local communities and a democratic participation process in association with improved governance." It points out that the promotion of economic growth in developing countries that is both sustained and sustainable and

direct action in eradicating poverty by strengthening employment and income-generating programmes are seen as integral to such action, together with international support.

4. Against this background, Agenda 21 sets out in chapter 3 the objectives and outlines of national and international actions in the programme area entitled "Enabling the poor to achieve sustainable livelihoods". The four-fold objective includes: providing all persons urgently with the opportunity to earn a sustainable livelihood; implementing policies and strategies that promote adequate levels of funding and focus on integrated human development policies; developing, for all poverty-stricken areas, integrated strategies and programmes of sound and sustainable management of the environment, resource mobilization, poverty eradication and alleviation, employment and income generation; and finally, creating a focus on national development plans and budgets on investment in human capital.

5. Actions at the country level by Governments, with international assistance, are also outlined in chapter 3. However, the specific nature of international support is not mentioned, nor is there an indication of donor commitment. The measures focus on the following major axes:

- empowering communities, which involves the integration and participation of local and community groups, women's groups and non-governmental organizations in the development process and decision-making;

- management-related activities, covering 17 areas of measures by Governments, including, *inter alia*, generation of employment and productive occupational opportunities; development of infrastructure, marketing, technology and credit systems for the resource-poor; provision of primary education, health care, fresh water and sanitation; strengthening of legal frameworks concerning land ownership, tenancy and management; rehabilitation of degraded resources, improving the status of women and enhancing their participation in development; promotion of food security; integration of informal sector activities into the economy;

- activities in respect of data, information and evaluation, including improvement of the government's collection of information on target groups and target areas to facilitate the degree of focused programmes and activities, as well as gender-specific evaluation of such programmes.

6. Agenda 21, in chapter 3, also sets out the role of the United Nations system in the implementation of the above measures, which include: the provision of technical cooperation, such as assisting Governments in the formulation and implementation of national action programmes on poverty alleviation and sustainable development; promoting technical cooperation among developing countries; promoting international cooperation to address the root cause of poverty; examining the international economic framework, including resource flows and structural adjustment programmes; strengthening the United Nations system structures for coordinated action relating to poverty eradication.

3. The Programme of Action for the Least Developed Countries

7. The Programme of Action for the Least Developed Countries for the 1990s, adopted at the Second United Nations Conference on the Least Developed Countries in Paris in 1990, is a comprehensive statement of strategy and policies to inspire national and international actions in favour of LDCs in their struggle against poverty. The prime objective of the Programme of Action is to arrest the further deterioration in the socio-economic situation in these countries; to reactivate and accelerate their growth and development, and to set them on the path of sustained growth and development.

8. The development actions outlined in the Programme of Action are underwritten by the principles of shared responsibility and a strengthened partnership, as well as mutual commitments:

- by the least developed countries, which have primary responsibility for their development, to define and implement appropriate policies ensuring the involvement of populations in

the decisions taken, the efforts called for and the results obtained;

- by their partners, to make available adequate resources in support of these policies and efforts, to improve the quality of this assistance and to match it more closely to needs.

9. The Programme of Action develops a global framework containing the following salient elements: (a) macroeconomic framework emphasizing basic transformational needs of LDCs, structural adjustment policies, and the importance of protecting the poorest and the most vulnerable groups; (b) financing growth and development including, in particular, establishing a set of ODA targets; (c) external indebtedness of LDCs; and (d) external trade, with particular emphasis on access to markets.

10. In the area of sectoral policies and measures, the Programme of Action is aimed at two broad fronts: (a) mobilizing and developing human capacities and (b) development, particularly expansion and modernization, of the economic base. One of the most notable aspects of the Programme is that it underscores the need for development to be human-centred and broadly based, enabling all actors in society, and women especially, to participate fully and freely in the development process. In this perspective, it develops a set of national actions for the development of human and institutional capabilities aiming, *inter alia*, to reduce poverty by making more widely available the opportunities for and the benefits of the improved productive capacity. The Programme of Action also goes on to outline policies and measures for: (a) integrated rural development with a view to ensuring attainment of such important goals as poverty alleviation and eradication, nutritional improvement and food security; and (b) the development of a diversified productive sector for sustained and sustainable development.

11. Finally, the Programme of Action elaborates the arrangements for its implementation, follow-up and monitoring, as well as its review at national, regional and global levels. In particular, it provides that UNCTAD would serve as the focal point for the review and appraisal of the Programme, its follow-up at the global level and for providing support at other levels of implementation.

4. The Nairobi Forward-looking Strategies for the Advancement of Women

12. The Nairobi Forward-looking Strategies for the Advancement of Women were adopted by the World Conference to Review and Appraise the Achievements of the United Nations Decade for Women: Equality, Development and Peace, held at Nairobi in July 1985. The Strategies, which cover the period from 1986 to 2000 present concrete national measures directed towards the goal of the advancement of women, and provide a framework for supportive international measures for the advancement of women and the elimination of gender-based discrimination.

13. On the question of women and development, the Forward-looking Strategies make particular reference to women in poor countries, as well as poor urban and rural women elsewhere. It is underlined that the critical economic situation in developing countries, including, in particular, least developed countries and the drought-affected and famine-stricken countries of Africa have most acutely affected the women. The process of development "should be conducive to providing women, particularly those who are poor or destitute, with the necessary means for increasingly claiming, achieving, enjoying and utilizing equality of opportunity". It is pointed out that "the exigencies created by problems of mass poverty, compounded by scarce national resources, have compelled Governments to concentrate on alleviating the poverty of both women and men rather than on equality issues of women", and that measures designed to raise the status of women should not be relaxed in times of recession, but rather intensified.

14. As to national measures in favour of rural poor women, the Strategies predict a significant increase in poverty and landlessness among rural women by the year 2000. To stem this trend, Governments should implement, as a matter of priority, equitable and stable investment and growth policies for rural development, as well as give women full and effective rights to land ownership, registration of land titles and alleviation of tenancies on irrigation or settlement schemes. Other areas of positive action for rural poor women include: multisectoral programmes

to promote their productive capacity in food and animal production; creation of off-farm employment opportunities; a reduction in the workload by supporting the establishment of child-care facilities; reversing their pauperization; improving their access to sources of energy; providing them with adequate water, health, education, effective extension services, transportation facilities, emergency assistance and supporting women's groups and organizations to enhance their self-reliance.

15. As to urban poor women, the Forward-looking Strategies forecast that by the end of the present century close to half the number of women in the world would live in urban areas, and "there could be a considerable increase in the number of poor women among them." To deal with growing poverty among urban women, Governments should organize multisectoral programmes with emphasis on economic activities, elimination of discrimination and the provision of supportive services, and give particular attention to the informal sector "which constitutes a major outlet for employment of a considerable number of urban poor women."

16. In addition, the Strategies identify a number of other groups of women with particular difficulties, including destitute women (i.e. women in an extreme situation of poverty), women in areas affected by drought, women deprived of their traditional means of livelihood, women who are the sole supporters of families, refugee and displaced women, etc., who are to be accorded special consideration in the implementation of the national programmes for women.

17. The poverty orientation of the Forward-looking Strategies was further strengthened at their first review in 1990, which put the issue of "Women in extreme poverty: integration of women's concerns in national development planning" as the top priority theme under the 'Development' part of the Strategies. It was recognized that women were over-represented among the poor "because of the factors deriving from existing inequality between men and women in most societies," and that the number of poor women was on the increase. Against this background, the first review of the Strategies recommended that: "Governments, non-governmental organizations and international organizations should take concrete measures to eradicate poverty. These measures should have a multi-purpose approach and include educational skills and training designed to generate productive activities" (recommendation IX).

5. The United Nations New Agenda for the Development of Africa in the 1990s

18. The United Nations General Assembly, at its 46th session in 1991, adopted the United Nations New Agenda for the Development of Africa in the 1990s. This followed a final review and appraisal of the implementation of the United Nations Programme of Action for African Economic Recovery and Development 1986-90 (UN-PAAERD), which concluded that the circumstances which led to the adoption of UN-PAAERD in 1986 were as valid in the 1990s as they had been then. Taken as a whole, there was a decline in overall performance of the African economies during 1986-1990; in particular there was the rise in the proportion of people in absolute poverty to 30 per cent in Africa and 60 per cent in the countries most severely afflicted by man-made and natural disasters.

19. Against this backdrop, the New Agenda sets out national and international policies and measures to achieve self-sustaining socio-economic growth and development in Africa. The African countries are expected to take action in a number of areas including policies and measures for sustained and sustainable development (undertaking reforms and improvement of domestic economic management); promotion of regional and sub- regional economic cooperation and integration; intensification of the democratization process; investment promotion; incorporating human dimension in development, including in particular actions to reduce poverty; population and development; environment and development; agriculture, rural development and food security; intensifying South-South cooperation; and enhancing the role of non-governmental organizations (NGOs).

20. In the New Agenda, the international community also committed itself to assisting Africa in a number of areas, including: solution of Africa's debt problems; provision for additional resource flows; measures and programmes to encourage direct foreign investment; supportive actions in the

areas of trade and commodities, including improved market access and improving compensatory financing schemes; support for diversification of the African economies and for regional economic integration.

21. The New Agenda sets out the role of the United Nations system organizations in its implementation. This includes implementation through devising specific programmes for Africa consistent with the elements of the Agenda. The non- African NGOs are called upon to give every encouragement to assist in the formulation and implementation of development assistance projects in the context of the Agenda.

6. WCARRD Declaration of Principles and Programme of Action

22. In 1979 a broad mandate for eradicating rural poverty, hunger and malnutrition and ensuring food security was elaborated by the World Conference on Agrarian Reform and Rural Development (WCARRD) when it adopted the Declaration of Principles and Programme of Action. The WCARRD Programme of Action, which has also been called the peasants' charter, provides a comprehensive framework for action at the national and international levels with the objective of eradicating rural poverty. It covers a broad range of actions, including: access by the rural poor to land, water and natural resources as well as to inputs, markets and credit; the generation and transfer of technology for small farmers; the creation of non-farm employment opportunities; human resource development; equal participation by women in development; environmentally sustainable development; the promotion of people's participation; and the formulation of macro-level policies of taxation, price, trade and investment that support rural development.

7. World Declaration on the survival, protection and development of children

23. The World Summit for Children, held at the United Nations Headquarters in New York on 30 September 1990, adopted a Declaration on the survival, protection and development of children and a Plan of Action to implement the Declaration. The Declaration represents an overall new commitment to try to end child deaths and child malnutrition by the year 2000 and to provide for basic protection for normal physical and mental development of all the world's children. In spelling out the challenges before the international community in that regard, the Declaration states: "Each day, millions of children suffer from the scourges of poverty and economic crisis - from hunger and homelessness, from epidemics and illiteracy, from degradation of the environment. They suffer from the grave effects of the problems of external indebtedness and also from the lack of sustained and sustainable growth in many developing countries, particularly the least developed ones".

24. The overall commitment of the Declaration is spelt out in more than 20 specific goals in the Plan of Action, covering a broad spectrum of areas ranging from child health to poverty alleviation. Major goals include: (a) between 1990 and the year 2000, reduction of infant and under-5 child mortality rates by one third or to 50 and 70 per 1,000 live births respectively, whichever is less; (b) between 1990 and the year 2000, reduction of maternal mortality rate by half; (c) between 1990 and the year 2000, reduction of severe and moderate malnutrition among under-5 children by half; (d) universal access to safe drinking water and to sanitary means of excreta disposal; (e) by the year 2000, universal access to basic education and completion of primary education by at least 80 per cent of primary school-age children; (f) reduction of the adult illiteracy rate (the appropriate age group to be determined in each country) to at least half its 1990 level with emphasis on female literacy; and (g) improved protection of children in especially difficult circumstances. These goals are complemented by a number of supporting sectoral goals in the areas of women's health and education, nutrition, child health, water and sanitation, basic education and children in difficult circumstances. The Plan of Action recognizes that the achievement of child-related goals in the above areas "will contribute much to alleviating the worst manifestations of poverty". It emphasizes that a most important challenge for the current decade is the need to revitalize eco-

nomic growth and social development in developing countries and to address together the problems of abject poverty and hunger. "As the most vulnerable segment of human society, children have a particular stake in sustained economic growth and alleviation of poverty, without which their well-being can not be secured". To foster a favourable international economic environment for development, the Plan of Action identifies a number of areas for urgent action including external indebtedness of developing countries, a more open and equitable trading system and making available substantial concessional resources, particularly for the least developed countries.

25. The Plan of Action stresses that in all these efforts "the fulfilment of the basic needs of children must receive a high priority". Programmes that benefit children, women and other vulnerable groups should be protected in times of structural adjustments and other economic restructuring. To match increased efforts by developing countries themselves, the donor countries and international institutions should consider targeting more development assistance to primary health care, basic education, low-cost water and sanitation programmes. Referring to the specific problems faced by the least developed countries and the island and land-locked countries, the Plan of Action points out that these countries will "require additional long-term international support to complement their own national efforts to meet the pressing needs of children over the 1990s".

ANNEX III

Aid policy orientations for the 1990s: the DAC approach

1. In December 1989, the Development Assistance Committee of the OECD (DAC) Aid Ministers joined by the heads of the World Bank, the International Monetary Fund (IMF) and the United Nations Development Programme (UNDP), issued a policy statement on "Development Cooperation in the 1990s" and agreed that their member Governments would implement development strategies along the lines set therein. Essential elements concerning aid and poverty are the following:

> "... the vicious circle of underdevelopment that links high population growth, poverty, malnutrition, illiteracy and environmental degradation can be broken only through economic and developmental strategies and policies which integrate the objectives and requirements of:
>
> - Promoting sustainable economic growth;
> - Enabling broader participation of all the people in the productive processes and a more equitable sharing of their benefits;[1]
> - Ensuring environmental sustainability and slowing population growth in those many countries where it is too high to permit sustainable development ...
>
> ... The developed and other economically advanced countries cannot live in isolated enclaves of prosperity in a world where other countries face growing mass poverty, economic and financial instability and environmental degradation. Not only is this unacceptable on humanitarian grounds; the future well-being of developed countries is linked to economic progress, preservation of the environment and peace and stability in the developing world... In poorer developing countries in particular, with insufficient domestic financing and limited external debt-servicing capacities, official development assistance has an important role to play in laying the basis for improved growth."

2. Collectively, DAC Members agreed to seek to achieve further substantial increases in the aggregate level of aid and improve its quality and co-ordination. It was felt that growing awareness among their publics of the interrelated problems of poverty, population growth and environmental degradation and the adoption of effective policies and programmes on the part of developing countries to address these issues would enhance the climate for more positive aid volume responses.[2]

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1 The priorities advocated in this connection for both national strategies and development cooperation are stated as follows:

"Investing in people is essential for economic growth and greater equity:

- Higher priority is needed for making available, on the widest possible scale, sustainable and effective education and training , basic health care, and credit and advice for small farmers and entrepreneurs including women;

- Improved food security and adequate nutrition through broad-based agricultural and rural development, creating increased production and incomes, remain an elementary development co-operation objective;

- More active participation of women in the process of development at all levels is an essential element of sustainable, participatory development;

- The drug problem must be tackled decisively to prevent human potential in developing countries from being destroyed or directed into illicit activities."

2 For more details, see OECD, PRESS/A (89) 58 of 5 December 1989.

3. In the following year, the DAC High-Level Meeting further considered "the role of development co- operation in contributing to broad-based participatory development and the interlinked issues of environment, population and development." Concern with poverty is reflected by the expressions of hope and intent throughout the text.[3]

4. At the end of 1991, the High-Level Meeting (which focused on "addressing current global challenges and supporting democratization, human rights and good governance") stressed again the global challenge of combatting persistent mass poverty in many developing countries. It was agreed that DAC should "improve the monitoring of financial flows, review the geographical allocation and the targeting of the use of aid resources, and look at possibilities for increasing the availability of the use of aid."

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3 See OECD PRESS(90)76 pf 4 December 1990, where it is stated, *inter alia*: "*Taking a longer-run view, the end of the Cold War presents a new opportunity to focus global attention and effort on what must be the fundamental agenda in the decade ahead - promoting broadly-based development and meeting the interlinked challenges of defeating poverty, stemming population growth and preserving the environment .... DAC Members reaffirm their conviction that there is a vital connection between open, democratic and accountable political systems, individual rights and the effective and equitable operation of economic systems with substantial reductions in poverty.*" Within the context of achieving more participatory development, they have stressed the "*priority for programmes providing affordable, effective and sustainable services, such as for education, training and health, for the masses of the people, including the poor, and broad participation in selection, administration and fina ncing of these services.*"